



Highlights from the Week

- ✚ **Banking commission soon to salvage banks from brink.**
- ✚ **Exchange, interest rates to be market-driven.**
- ✚ **No more liquidity feeding to problem banks.**
- ✚ **Expats remit \$1.144b in first 17 days of August, 2024.**
- ✚ **Bangladesh Bank raises cash withdrawal limit to Tk. 300,000.**
- ✚ **Need favourable legal framework to recover NPLs.**
- ✚ **Fund-sapping motivated megaprojects may be axed.**
- ✚ **Japan's Credit Saison injects \$6.5m into ShopUp.**
- ✚ **Gold hits historic \$2,500 mark in global market.**
- ✚ **Secondary trading of treasury bills, bonds jumps 56 pc in FY24.**

Banking commission soon to salvage banks from brink

- Banking commission is a longstanding demand of economists for salvaging the financial sector from the brink as the lifeline of the economy has been riddled with high default loans and weak governance.
- A consensus on taking such steps was reached in a meeting between Chief Adviser (CA) of the interim government Dr Muhammad Yunus and newly appointed central-bank governor Dr Ahsan H. Mansur over the current state of the country's banking sector.
- the office of the chief adviser urged everyone "to be patient to get the benefits of the measures taken to bring down inflation. The inflation hit 11.66 per cent in July 2024, the highest in 13 years, affecting the consumers badly as prices spiralled beyond their reach.

Exchange, interest rates to be market-driven

- Bankers are assured that the money market will function freely based on demand and supply, sans too many interventions like in the past.
- New Bangladesh Bank (BB) governor Dr Ahsan H. Mansur gave the assurance Monday to top executives of a group of leading commercial banks, now that banking and financial sector passes through changes under the interim government.
- Instead of applying too many interventions that the previous regime of the central bank led by immediate-past governor often exercised bypassing the market dynamics, the new governor told the bankers, exchange and interest rates would be determined by the market.

No more liquidity feeding to problem banks

- Bangladesh Bank will no more extend liquidity support to weak and troubled banks by printing money rather the process of rescuing them now will be different, says Bangladesh Bank Governor Dr Ahsan H Mansur.
- He makes it clear that the central bank wouldn't opt for any desperate remedy like shutting down banks or printing money to feed them to keep alive.
- Action will be taken against the irregularities, but it will be against the persons involved in the irregularities and not against their institutions, as there are many employment issues involved with every organisation.
- The new custodian of the central bank expects the high inflation to come down to 5.0-6.0 per cent then.

Expats remit \$1.144b in first 17 days of August



- Expatriates sent \$1.144 billion in remittances to Bangladesh through legal channels in the first 17 days of August, according to data from Bangladesh Bank.
- The central bank reported that \$95.65 million was received in the first three days of the month, with an additional \$387.12 million arriving between August 4 and 10.

Bangladesh Bank raises cash withdrawal limit to Tk 300,000

- Starting from Sunday, the Bangladesh Bank has set a new cash withdrawal limit of Tk 300,000 via cheques, up from the previous limit of Tk 200,000.
- The decision was communicated to all commercial banks on Saturday, with the central bank directing strict adherence to the new limit for security reasons.
- Earlier, on Aug 8, the interim government imposed stricter controls, limiting cheque withdrawals to Tk 100,000. Last week's directive had raised this limit to Tk 200,000.
- The central bank has also advised banks to halt transactions if there is any suspicion involved.

Need favourable legal framework to recover NPLs


- A favourable legal framework for facilitating the recovery of non-performing loans (NPLs) should be formed in consultation with the attorney general and legal experts, according to Selim RF Hussain, chairman of ABB.
- a lot of planning is needed to formulate the right legal framework and that officials responsible for dealing with NPL cases should have proper knowledge about the financial sector and related issues.
- The situation has worsened due to the poor macroeconomic policies adopted over the last two years. Each financial institution must become independent and sustainable in the long run.

Fund-sapping motivated megaprojects may be axed

MAJOR ONGOING MEGA PROJECTS

10 ongoing mega projects received ADP allocation of **Tk 510 billion** in FY '25

Some of projects undertaken 'by influence of contractors, some by dishonest persons'



| | |
|------------------------------------|------------|
| Roopur NPP | Tk 105.02b |
| MRT-6 | Tk 19.75b |
| MRT-1 | Tk 19.42b |
| MRT-5 (northern) | Tk 59.68b |
| Bangabandhu Railway Bridge | Tk 25.60b |
| Padma Railway Link | Tk 35.44b |
| Dohazari-Ramu-Ghundum Railway Line | Tk 14.53b |

- Ongoing large and megaprojects will be reviewed and less-priority and "politically motivated" ones scrapped. Those projects which do not have priority and better outcomes have to be reviewed and have to be scrapped, he categorically said in resetting priorities.
- The Roopur nuclear power plant alone has got an allocation worth Tk 105.02 billion, MRT-6 Tk 19.75 billion, MRT-1 Tk 19.42 billion, MRT-5 (northern) Tk 59.68 billion, Bangabandhu Rail Bridge construction project Tk 25.60 billion. Besides, the ongoing Padma rail-link project has received Tk 35.44 billion, Dohazari-Ramu-Ghundum rail line Tk 14.53 billion.
- Some other megaprojects, including the Matarbari port development, Pyra port development, Dhaka Elevated Expressway, Dhaka-Ashulia elevated expressway, Airport 3rd terminal, and Elenga-Hatikamrul-Rangpur 4-lane highway projects, are also going on.

Gold hits historic \$2,500 mark in global market

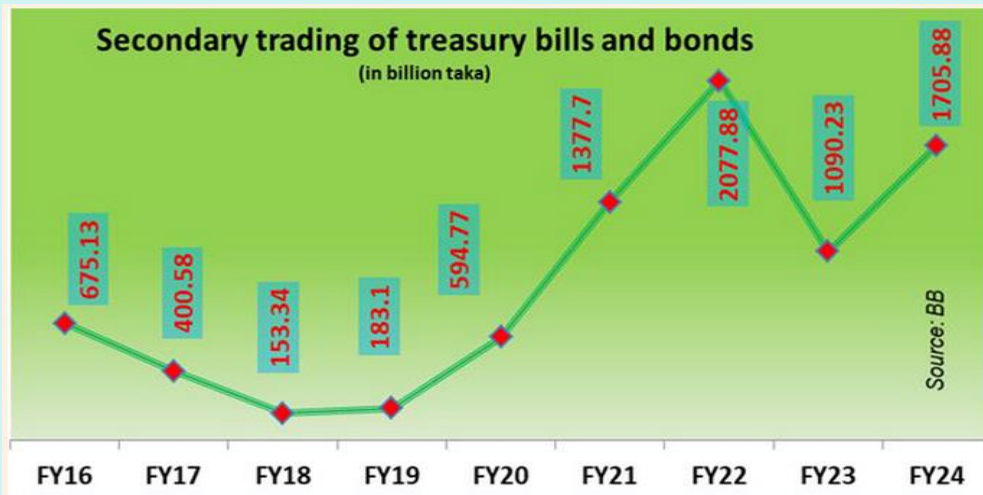
- Gold prices eased on Monday, but hovered around historic \$2,500 level, as traders locked in profits following bullion's climb to an all-time peak in the previous session on expectations of a US interest rate cut next month.
- Spot gold was down 0.2 percent at \$2,503.10 per ounce, as of 0724 GMT, and US gold futures edged 0.2 percent higher to \$2,541.50.
- Enthusiasm over a likely interest rate cut by the US Federal Reserve in September propelled bullion to an all-time high of \$2,509.65 on Friday. This coupled with increased geopolitical tensions and robust central bank-buying have sent bullion over 20 percent higher so far this year.
- Traders are confident that the US Fed will cut rates next month and the focus is now on the size of the reduction. They are pricing in a 75.5 percent chance of a 25-basis-point cut.

Japan's Credit Saison injects \$6.5m into ShopUp



- ShopUp, a leading B2B commerce platform in Bangladesh, raised \$6.5 million in debt capital funding from Saison Investment Management Private Ltd (SIMPL), a credit venture arm of Japan's Credit Saison, to make it a fully local supply chain through technology.
- This strategic investment is a first for SIMPL in Bangladesh, signalling confidence in ShopUp's ability to drive economic growth and financial inclusion in the country.
- The capital injection will empower retailers within the ShopUp ecosystem to expand their offerings and scale up their operations.

Secondary trading of treasury bills, bonds jumps 56 pc in FY24



- After a sharp decline in the annual transactions of the government's fixed-income tradable securities in the secondary market in FY23, the transaction bounded back in the past fiscal year (FY24).
- Statistics available with Bangladesh Bank showed that the combined value of annual secondary transactions of short and long term government securities stood at Tk 1705.88 billion (or Tk 1.70 trillion) in FY24 which was Tk 1090.23 billion (or Tk 1.09 trillion in FY23).
- Bangladesh Bank statistics also showed that annual secondary trading of the fixed income government securities was recorded at Tk 2077.88 billion (or Tk 2.07 trillion) in FY22 which was 50.82 per cent more than Tk 1377.70 billion (or Tk 1.37 trillion) in FY21.

World Commodities

| Commodity | Close Price | Value Change | Percentage Change |
|-------------------|-------------|--------------|-------------------|
| Crude Oil [WTI] | \$ 71.77 | ↓ 0.16 | ↓ 0.22 % |
| Crude Oil [Brent] | \$ 76.01 | ↓ 0.04 | ↓ 0.05 % |
| Gold Spot | \$ 2,507.23 | ↓ 5.33 | ↓ 0.21 % |

Local and Global Stock Indices

| Index Name | Close Value | Value Change | Percentage Change |
|------------|--------------|--------------|-------------------|
| DJIA | \$ 40,890.49 | ↑ 55.52 | ↑ 0.14 % |
| FTSE100 | \$ 8,283.43 | ↑ 10.11 | ↑ 0.12 % |
| Nikkei 225 | \$ 38,145.86 | ↑ 194.06 | ↑ 0.51 % |

Inter-Bank Exchange Rate

| Currency | Lowest | Highest | Current WAR |
|----------|----------|----------|-------------|
| USD | 120.0000 | 120.0000 | 120.0000 |

Source:

- * News are taken from Daily Newspapers
- * World Commodities and Global Stock Indices data are taken from bloomberg.com
- * Exchange Rates are taken from BB website, as on latest update.