

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.

Remittances, forex reserves hit record highs

- Remittance continues to defy all expectations. It was supposed to take a massive hit due to the economic recession brought on by the global coronavirus pandemic, leaving one of the pillars of strength for the Bangladesh economy wobbling. In reality, it is thriving. After sending home a record USD 18.20 billion last fiscal year that ended on June 30, migrant workers sent in another USD 2.6 billion in July, which is a record for a single month. July's inflows were up 38.5% from a year earlier and 42.1% from the previous month, according to data from the Bangladesh Bank.
- The robust flow of remittance pushed foreign exchange reserves past the USD 37 billion mark for the first time in history. The developments are in stark contrast to the prediction of economists. The Asian Development Bank in a report earlier this week said Bangladesh would be among the five-worst developing Asian economies in terms of remittance inflows.
- In the worst-case scenario, Bangladesh's remittance will decline by 27.8% from its 2018 level. In 2018, Bangladesh received USD 15.5 billion in remittance. The "worst-case" scenario assumes that the domestic outbreak control and resumption of economic activities will take a year's time. It also assumes that the economic impact of Covid-19 will persist throughout the year and dissipate halfway in the last 3 months of the outbreak.

<https://www.thedailystar.net/business/news/remittances-forex-reserves-hit-record-highs-july-1939593>
<https://www.dhakatribune.com/business/2020/08/03/remittances-forex-reserves-hit-record-highs-2>

Asian Development Bank (ADB): Bangladesh's remittances to decline by 27.8% in 2020 due to pandemic

- Under the worst-case scenario of Covid-19 pandemic impact, Bangladesh's remittances could fall by 27.8% in 2020, as job losses mounted and employers trimmed payrolls, says Asian Development Bank (ADB). During the global financial crisis in 2009, which resulted in a 2.7% decline in overall remittance inflows to Asia and the Pacific, Bangladesh's remittances received by households declined on average by 19.3%.
- Among developing Asian economies, the five worst affected countries are Nepal, where remittances could fall by 28.7%, Tajikistan 27.9%, Bangladesh 27.8%, Pakistan 26.8% and the Kyrgyz Republic 25.2% in 2020. With many households depending on international remittances in developing Asia—particularly in the Pacific and Central and West Asian economies—a sudden stop in remittance flow to these regions could push people into poverty, the ADB warned.
- As per Bangladesh Bank data, remittance inflow hit a new record of USD 18.20 billion in the FY20, although Covid-19 battered most of the global economies. The migrants are sending their savings home as they fear returning they will have to return as employers are trimming jobs due to the pandemic. They also sent more on the occasion of Eid-ul-Azha, said the executive director of Policy Research Institute (PRI).
- The ADB estimates employment in Asia and the Pacific to be lower by as much as 167 million persons, while jobs cut in the region are reducing wage income, with estimates of the decline projected to range from USD 359 billion to USD 550 billion. In Asia and the Pacific and Arab states, working hours are thought to have declined 13.5% and 13.2% in the quarter, respectively.

<https://www.dhakatribune.com/business/economy/2020/08/03/adb-bangladesh-s-remittances-to-decline-by-27-8-in-2020-due-to-pandemic>

Government borrowed 121% of revised target from savings tools in FY20

- Between July and June of the last fiscal year 2019-20, the net sale of savings certificates stood at BDT 14,428 which was 121% of its revised target. Even though the government revised its target to borrow from savings instrument to BDT 119.24 billion for the year. According to the Department of National Savings, the net sale of savings certificates stood at BDT 34.17 billion in June this year. The government lowered its borrowing target from the savings instrument to meet the budget deficit in the last fiscal year as it received a low response from the sector. A low target has also been set for the FY2020-21.
- In FY2019-20, the government had to cut the target to BDT 119.24 billion in the revised budget for savings tools. The total target from non-banking sources was reduced to BDT 149.24 billion. The government previously targeted a borrowing of BDT 300.00 billion from non-banking sources for the last fiscal year, of which BDT 270.00 billion was expected to come from national savings schemes. Ahsan H Mansur, executive director of the private think tank Policy Research Institute of Bangladesh, said that the government did not get as much of a loan as it had initially targeted

from this sector in the current fiscal year.

- From the last fiscal year, the government has tightened the process of investing in savings schemes, he added. From July 1 last year, the government automated four kinds of popular savings schemes and made the e-TIN mandatory for investing in them. A tax burden for an investment of over BDT 0.5 million was also put in place. Additionally, the investment ceiling was set at BDT 5.0 million and BDT 10 million for a person and a pensioner, respectively.

<https://tbsnews.net/economy/banking/govt-borrowed-121-revised-target-savings-tools-fy20-114982>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 40.70	-20.93	-33.96%
Crude Oil (Brent)*	USD 43.80	-24.64	-36.00%
Gold Spot*	USD 1,975.75	454.28	29.86%
DSEX	4,271.82	-181.11	-4.07%
S&P 500	3,294.61	63.83	1.98%
FTSE 100	6,032.85	-1554.20	-20.48%
BSE SENSEX	36,939.60	-4702.54	-11.29%
KSE-100	39,871.61	-863.47	-2.12%
CSEALL	5,124.26	-1004.95	-16.40%

Exchange Rates

USD 1 = BDT 84.74*

GBP 1 = BDT 110.82*

EUR 1 = BDT 99.70*

INR 1 = BDT 1.13*

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

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