

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 2.21%	▲ 2.06%	\$1,938.00	\$45.10	▼ 0.10%	▲ 0.41%	▲ 0.75%	▼ 0.63%	BUY TK 83.95	97.37	108.48	11.87
4,633.37	7,961.81	(per ounce)	(per barrel)	38,359.63	22,843.96	2,563.20	3,319.27	SELL TK 84.95	101.17	112.28	12.48

STANDARD CHARTERED BANK

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Star BUSINESS

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The storm over Bangladesh economy has blown over

Say Standard Chartered economists

MD FAZLUR RAHMAN

Bangladesh might be one of only two ASEAN and South Asian economies to register positive growth in 2020 despite a global recession that is shaping up to be historic in scale, according to Standard Chartered Bank's research team. "The worst has passed us," said Saurav Anand, an economist of Standard Chartered for South Asia. The economy faced challenges between April and June. Now, there are early signs of recovery in some pockets after the economy started opening up from June, he said at a webinar

style 'Standard Chartered Global Research Briefing Media Engagement Session' yesterday. "Recent economic data have shown a good amount of improvement," Anand added. Edward Lee, the chief economist for Asean and South Asia at Standard Chartered, echoed the same. "From a GDP growth perspective, the second quarter of the year was probably the worst for all countries. The recovery is already there," Lee added. Bangladesh's economy grew 5.24 per cent in the fiscal year that concluded on 30 June, much better than the grim forecasts made by the multilateral lenders.

The Washington-based multilateral lenders -- the World Bank and the International Monetary Fund -- had forecasted that the economy would grow between 1.6 per cent and 3.8 per cent in fiscal 2019-20 for the pandemic-whiplash, while the Asian Development Bank said the Bangladesh economy would expand at 4.5 per cent. Standard Chartered forecasted



A jam-packed New Market in July.

that Bangladesh's economy would expand 5.6 per cent in fiscal 2020-21.

The slower growth momentum is expected to continue in the current fiscal year although the government is expecting a V-shaped recovery and

But the government is aiming for an 8.2 per cent GDP growth, banking on a V-shaped recovery, which entails a leap back to the previous peak after a sharp decline.

Lower growth will partly be driven by slowdowns in key trading partners, with the Eurozone, the US and the Middle East likely to contract sharply in fiscals 2019-20 and 2020-21, the bank said in a press release.

Economic activities plummeted quite a bit from the end of March to the end of May, Anand said. Exports and imports dropped significantly.

Remittances were up in June and July. Exports in July also went up.

"So, the decent amount of data that is coming out is showing that some rate of recovery is underway."

There is a clear room in terms of fiscal and monetary policy space to boost growth.

AMRAN HOSSAIN READ MORE ON B3

Japan offers \$3.3b for seven key projects

STAR BUSINESS REPORT

Japan International Cooperation Agency (Jica) will provide Bangladesh with \$3.3 billion (¥338.25 billion or Tk 26,850 crore) in official development assistance to help implement seven important projects, including Jamuna railway bridge construction and expansion of Hazrat Shahjalal International Airport.

An agreement was signed between the Economic Relations

(Jamuna multipurpose bridge). The project will contribute to an efficient logistic and passenger network within the country and with neighbours, according to a statement from Jica.

The existing Bangabandhu multipurpose bridge, which Japan had co-financed with the World Bank and the Asian Development Bank in the late 1990s, has some restrictions regarding weight load, size and speed of train movements.

Although the railway route

railway network. This is one of the five projects included in the "Japan-Bangladesh Comprehensive Partnership" joint statement and was specifically requested by Prime Minister Sheikh Hasina during her visit to Japan in May 2014.

HAZRAT SHAHJALAL INT'L AIRPORT EXPANSION PROJECT (II)

The Civil Aviation Authority of Bangladesh is implementing the project of \$749.3 million, which

cent every year, while import and export rise 12 per cent, according to the statement.

After completion of the project, the number of international passengers is expected to increase to 12 million per year and the volume of international cargo will reach 510,000 tonnes.

"The airport will be transformed into a major international hub in Asia with higher security and better services."

DHAKA MASS RAPID TRANSIT DEVELOPMENT

recent years because of an increase in vehicles and motorbikes without adequate infrastructure development. Time loss on the way due to traffic jam is enormous and undoubtedly a big bottleneck for socio-economic development, the Jica statement says.

Annual economic loss for traffic jam is said to be as large as Tk 20,000 crore, equivalent to 1.5 per cent of the country's gross domestic product (GDP).

The MRT line 6 will be the country's first-ever metro rail

The rise in investment-GDP ratio confounds

REJAUUL KARIM BYRON

Bangladesh's investment to gross domestic product (GDP) ratio rose in the just-concluded fiscal year, data from the Bangladesh Bureau of Statistics showed on Tuesday, in what can be viewed as an inexplicable development as most indicators were pointing towards a contrary scenario.

The finance ministry itself projected a far lower investment to GDP growth in fiscal 2019-20 as the economy came to a screeching halt in the last quarter for the coronavirus outbreak in the country.

It had revised down the investment target to 20.8 per cent for the last fiscal year from the 32.8 per cent initially targeted.

Private investment target was re-fixed at 12.72 per cent from 24.2 per cent and public investment target was re-set at 8.1 per cent from 8.6 per cent.

But BBS data showed the overall investment rose 18 basis points to 31.75 per cent last fiscal year, which was 31.57 per cent in fiscal 2018-19.

Private investment went up nine basis points to 23.63 per cent and public investment advanced by the same amount to 8.12 per cent last fiscal year, even though businesses and industries were shut for at least two months before the easing of the nationwide lockdown in June.

"The investment estimate for fiscal 2019-20 is perhaps the hardest to understand," said Zahid Hussain, a former lead economist of the World Bank Dhaka office.

Real private investment increased 6.3 per cent and public investment increased 7.9 per cent.

"The figures would look baffling if one looks at other investment-related data."

Most of the materials Bangladesh uses in investment are imported, the economist said. Construction uses a lot of imported iron and steel. Import of iron and steel declined 4.8 per cent in fiscal 2019-20.

Investment in building new factories or expanding existing, one requires capital equipment. The import of capital goods decreased 18.9 per cent.

"How then were the reported increases in private and public investment made possible?"

Private investment trends were weak even before the coronavirus pandemic. This was evident from capital machinery imports and credit growth data during the July-February period.

Private sector credit growth, one of the key indicators of the investment climate, was 8.61 per cent in the last fiscal year, down from 11.32 per cent a year earlier.

Gross foreign direct investment contracted 36.17 per cent and net FDI flow shrank 31.35 per cent in fiscal 2019-20.

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Fatima Yasmin, secretary of the ERD, and Yuho Hayakawa, chief representative of Jica's Bangladesh office, signed the loan agreements on behalf of their organisations.

Division and Jica at the National Economic Council conference room at Sher-e-Bangla Nagar in the city yesterday.

JAMUNA RAILWAY BRIDGE CONSTRUCTION PROJECT (II) Bangladesh Railway will implement the project worth \$833.7 million with a target to complete it by March 2024.

The objective of the project is to improve the capacity and safety of transportation by constructing a dedicated railway bridge over the river Jamuna in parallel with the existing Bangabandhu bridge

has great potential, especially for freight transport with the neighbouring countries, it has been limited because of such restrictions.

"Therefore, the construction of a dedicated railway bridge is indispensable to meet the increasing and sub-regional traffic demand."

Jamuna railway bridge (4.8 kilometres) will be an important part of the international and regional transport network such as trans-Asian railway network, Saarc corridor and BIMSTEC

is expected to be complete by April 2024.

The project will meet future demand for air transportation and improve airport capacity, convenience and safety by constructing a third terminal, an international passenger terminal, cargo terminals and other infrastructure and facilities at the airport in Dhaka.

The airport has witnessed a rapid increase in demand in both passenger and cargo. The number of passengers using this airport increases on an average 8 per

Loan amount: ¥338.2b
≈ **Tk 26,850cr**

- ▶ Jamuna railway bridge construction (¥89b)
- ▶ Hazrat Shahjalal International Airport expansion (¥80b)
- ▶ Dhaka Mass Rapid Transit (¥72.2b)
- ▶ Dhaka Mass Rapid Transit Development Project (Line 5 northern route) (¥55.7b)
- ▶ Chattogram-Cox's Bazar highway improvement (¥1.9b)
- ▶ Food value chain improvement (¥11.2b)
- ▶ Urban development and city governance (¥28.2b)

PROJECT IV

Dhaka Mass Transit Company Limited will implement the project worth \$676.1 million, which is scheduled to be completed by December 2022.

The project will alleviate traffic congestion and mitigate air pollution in Dhaka city by constructing a mass rapid transit system, contributing to regional economic development and improving the urban environment.

Dhaka suffers from a lack of good transport network causing many problems to the city-dwellers due mainly to its high population density.

The situation has worsened in

system. Once constructed, the MRT line 6 will help carry five lakh passengers per day and shorten the average travel time from Uttara to Motijheel from 110 minutes to 36 minutes.

Around 9km of the 20km-long viaduct is now visible as the construction of the project has witnessed significant progress.

DHAKA MASS RAPID TRANSIT DEVELOPMENT PROJECT (LINE 5 NORTHERN ROUTE) I

This project too will be implemented by Dhaka Mass Transit Company Limited at a cost of \$521.6 million and will be completed by November 2029.

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BIDA makes three more additions to its One-Stop Service portal

Investors can now get 21 services

STAR BUSINESS REPORT

Investors seeking to do business in Bangladesh can now avail three more public services at the One-Stop Service (OSS) portal in the website of Bangladesh Investment Development Authority (BIDA).

Previously, 18 information-related services were available, including 14 of the BIDA and ones of the Registrar of Joint Stock Companies and Firms, the National Board of Revenue and Sonali Bank.

The new inclusions enable verification of national identity cards via Election Commission Secretariat and issuance of both land use clearance certificates from the Chattogram Development Authority and of security clearance from Public Security Division for foreign nationals.

Processes are going on for the incorporation of 34 more dedicated services. BIDA's goal is to integrate as many as 154



services from 35 agencies, all to facilitate investment processes in the country.

Bangladesh could not attain its economic growth target last fiscal year for the global outbreak of the novel coronavirus, said Salman F Rahman, private industry and investment adviser to the prime minister. "But we have to move forward and create the business environment for investment," he said while launching the new services on the BIDA premises in the capital's Agargaon yesterday.

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Bourse revving up to fire on all cylinders

The recently-found confidence is thanks to BSEC's new leadership

AHSAN HABIB

The stock market has started to bounce back despite the ongoing pandemic thanks mainly to investors' growing confidence in the new leadership at the Bangladesh Securities and Exchange Commission (BSEC) as they took some measures to restore discipline.

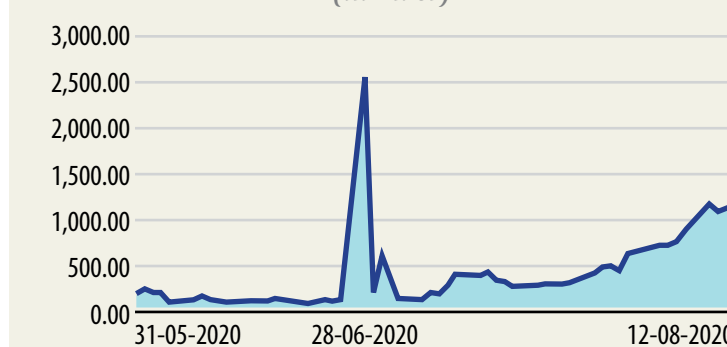
In the last two months, DSEX, the benchmark index of the Dhaka Stock Exchange, surged 680 points, or 17.1 per cent, to hit 4,633.37 yesterday.

During the period, the market capitalisation rose 13.6 per cent to Tk 352,219 crore.

Turnover, another important indicator of the market, reached Tk 1,100 crore in the last three days from Tk 38 crore two months earlier. Market analysts say the

BOURSE'S TURNOVER IS FINALLY LOOKING UP

(in Tk cr)



participation of retail investors in large numbers helped the index to spiral.

Exemplary punishment handed out to rogue players, compelling

listed companies' directors to hold a minimum 2 per cent shares individually and 30 per cent shares jointly, buoyant monetary policy, positive export growth and a

beginning of an economic recovery are the main reasons for the surge in confidence, they say.

"The regulatory step was crucial for the rise in the confidence of the stock investors, which geared up the index," said Md Moniruzzaman, managing director of IDLC Investments.

BSEC hit the right place by punishing errant directors and brokerage houses and compelling minimum shareholding.

"The expansionary monetary policy also impacted the market positively."

The central bank has recently reduced the bank rate to 4 per cent from 5 per cent and proposed to cut overnight repurchase rate from 5.25 per cent to 4.75 per cent to make funds available for banks at cheaper rates.

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