

# China cuts interest rates to counter slowdown

AFP, Beijing

China's central bank on Tuesday cut two benchmark interest rates, following several similar measures in recent days in a bid to counter the post-Covid growth slowdown in the world's second-largest economy.

Last week, the People's Bank of China (PBoC) lowered two other key rates and pumped billions into financial markets, as fresh data showed the economy continued to struggle.

The policy easing moves are the most significant yet by leaders who are trying to invigorate growth after recent indicators showed a hoped-for strong recovery after years of lockdowns was running out of

steam.

China's efforts contrast with those in the United States and other Western countries, which have been forced into a series of interest rate hikes while reducing money supply to tame inflation.

On Tuesday, the one-year Loan Prime Rate, which serves as a benchmark for corporate loans, was reduced from 3.65 per cent to 3.55 per cent, the PBoC said in a statement, while the five-year LPR, which is used to price mortgages, was cut from 4.3 per cent to 4.2 per cent.

Officials last Thursday lowered the medium-term lending facility (MLF) rate -- the interest for one-year loans to financial institutions -- 10 basis points to 2.65 per cent.

The PBoC also said it was offering 237 billion yuan (\$33 billion) to banks through the medium-term lending facility "to maintain reasonable and sufficient liquidity in the banking system".

China has released a slew of weak economic indicators in recent weeks, leading to increased calls for stimulus measures.

Youth unemployment rose to a record 20.8 per cent in May, while exports sank for the first time since February, official data shows.

Top economist and government adviser Liu Yuanchun this month called for regulators to cut borrowing costs further to ease the financing burden on small and medium-sized private businesses.



**Ali Reza Iftikhar, managing director of Eastern Bank, poses for photographs with high officials of the participating banks and non-bank financial institutions following a meeting organised by the EBL to arrange a syndicated term loan facility for a proposed lithium battery project. Among others, Md Kausar Ameer Ali, managing director of Dhaka Electric Supply Company, Chowdhury Liakat Ali, director of the sustainable finance department of the Bangladesh Bank, A Mannan Khan, chairman of Bangladesh Lithium Battery, Mohammad Jahangir, managing director of Rupali Bank, and Ahmed Ehsanul Karim, managing director of the Saudi Bangladesh Industrial and Agricultural Investment Company, were present. Story on B4**

PHOTO: EASTERN BANK



**Abdul Hai Sarker, chairman of Dhaka Bank, presides over the bank's 28th annual general meeting which was virtually held on Sunday. Shareholders approved 6 per cent cash and 6 per cent stock dividends for the year that ended on December 31, 2022. Amanullah Sarker, vice-chairman, ATM Hayatuzzaman Khan, founder vice-chairman, Enrranul Huq, managing director, and Md Shahjahan Miah, company secretary, along with directors, independent directors and shareholders joined the meeting.**

PHOTO: DHAKA BANK



**Md Nazrul Islam Mazumder, chairman of Exim Bank, presides over the bank's 24th annual general meeting which was virtually held on Monday. Shareholders approved 10 per cent cash dividend for 2022. Among others, Mohammad Feroz Hossain, managing director, Md Humayun Kabir and Shah Md Abdul Bari, additional managing directors, Md Zoshim Uddin Bhuiyan and Maksuda Khanam, deputy managing directors, and Md Monirul Islam, company secretary, joined the meeting.**

PHOTO: EXIM BANK

## Midland Bank launches digital loan Celebrates 10th anniversary

STAR BUSINESS DESK

Midland Bank Limited yesterday launched MDB Digital Loan and MDB Contactless Cards on the day of its 10-year commercial operations in the banking sector of Bangladesh.

Md Ahsan-uz Zaman, managing director and CEO of the bank, inaugurated the new services at the bank's head office in Dhaka, said a press release.

"We are at the forefront of innovation in services and products and today, we are pleased to announce the introduction of MDB Digital Loan and MDB Contactless Cards," Zaman said while expressing gratitude to clients, shareholders, regulators and staff in the decade-long journey of the bank.

"Our customers will now be able to enjoy loan (SOD-secured over draft only) digitally from anywhere and anytime through MDB mobile app "midland online", he added.

The MDB CEO along with senior management members and divisional heads of the bank cut a cake celebrating the milestone.



**Mohammed Abdul Maleque, vice-chairman of First Security Islami Bank, presides over the bank's 24th annual general meeting which was virtually held yesterday. Shareholders approved 10 per cent stock dividend for the year that ended on December 31, 2022. Among others, Mohammad Gias Uddin Talukder, chairman of Shariah Council of the bank, Syed Waseque Md Ali, managing director, and Oli Kamal, company secretary, joined the meeting.**

PHOTO: FSIBL



**Md Ahsan-uz Zaman, managing director of Midland Bank, cuts a cake at the bank's head office in Dhaka yesterday celebrating its 10th founding anniversary. Senior management members and divisional heads of the bank were present.**

PHOTO: MIDLAND BANK

## Paris air show takes off with historic plane order

REUTERS, Paris

Airbus announced a record 500-plane deal with Indian airline IndiGo on day one of the Paris Airshow on Monday, as strong demand for jets and air defences vied for attention with the industry's supply chain problems.

The multibillion-dollar deal for single-aisle planes - the largest ever by number of aircraft - confirmed a Reuters report earlier this month, and eclipsed Air India's provisional purchase of 470 Airbus and Boeing jets earlier this year.

The world's largest air show, which alternates with Farnborough in Britain, is at Le Bourget for the first time in four years after the 2021 edition fell victim to the pandemic.

French President Emmanuel Macron flew into the packed aerospace bazaar by helicopter and watched a flying demonstration including Airbus's latest jet development, the A321XLR, and air

power including the French Rafale fighter.

On the civilian side, planemakers arrived with growing demand expectations as airlines rush for capacity to meet demand and help reach industry goals of net zero emissions by 2050.

But they also face a challenge to meet that demand as suppliers struggle with rising costs, parts shortages and a scarcity of skilled labour in the wake of the pandemic.

Industry executives say as many as 2,000 jet orders are up for grabs worldwide in a resurgent commercial jet market, on top of those provisionally announced already, as airlines try to fill a void left by sharp falls in activity in the Covid crisis.

But only a portion of these potential fresh deals will be ready in time for this week's air show, which could see a mixture of new and repeat announcements, they said.



**A Eurodrone, a European medium altitude long endurance remotely piloted aircraft system, is on display at the International Paris Air Show yesterday.**

PHOTO: AFP

## Bangladesh can be

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The report said Bangladesh's export basket primarily comprises readymade garments and textiles. The efforts to diversify the export basket by promoting other manufacturing industries and ICT have been pushed by the government as dependence on one export product makes the economy vulnerable.

The manufacturing sector constitutes 35 per cent of the foreign investment and the government has put thrust on light engineering, agro-processing and ICT.

The PwC report said the incremental growth of the economy will be beneficial for the country in terms of its global economic standing. Investment in higher education, training, and healthcare from both public and private sectors will rise as a result of the country's graduation to a developing nation in

2026.

The construction of a new terminal at the Hazrat Shahjalal International Airport will aid in attracting more international players and investors, enabling competitive trade across borders.

"Besides, the sovereign rating is also expected to lower risk premiums while making investments in debt and equity-based instruments," said the report.

It said Bangladesh has until 2027 to build the necessary infrastructure to remain competitive following the withdrawal of duty-free and quota-free market access after the country graduates from the group of least-developed countries.

The country has undertaken policy reforms and is pursuing bilateral and multilateral trade agreements to develop its capacity to compete in the global market, the PwC study added.

## Foreigners biggest buyers of Asian bonds

REUTERS

Asian bonds attracted their highest monthly foreign inflows in about two years in May, boosted by hopes of less aggressive monetary tightening measures from the US Federal Reserve.

Foreigners purchased a net \$10.1 billion worth of bonds in India, Indonesia, Malaysia, South Korea and Thailand, marking their biggest monthly purchases since June 2021, data from regulatory authorities and bond market association showed.

"Asia ex-China (bonds) could benefit as the Fed approaches the end of its tightening cycle, notwithstanding residual uncertainty on the terminal rate," said Fiona Lim, senior fx strategist

at Maybank.

"This is especially in light of an arguably resilient macro backdrop where services sectors continue to hold up in most countries."

While the Federal Reserve maintained interest rates without change, deviating from 10 consecutive rate hikes, it indicated the likelihood of two small rate hikes by year-end to address inflation concerns.

Analysts also noted that investors were encouraged by signs that regional economies had reached their peak inflation levels, leading to anticipated interest rate cuts by central banks to stimulate economic growth.

South Korean bonds attracted net purchases of \$8.2 billion, the highest since June 2021.

## Extended duty benefit

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He suggested that the government consider reducing or eliminating duties and taxes on essential medicines like cancer, heart disease and diabetes at least until 2030, making them more affordable for the general population.

The revenue authority has been offering the concessionary duty benefit on the import of ingredients of cancer drugs since 2015 in order to encourage domestic production and reduce the cost of medicines.

It expanded the list of ingredients in 2021 and the latest continuation of exemptions came in the proposed budgetary measures placed by Finance Minister AHM Mustafa Kamal for the next fiscal year of 2023-24.

In 2021, the government extended a preferential import duty and VAT benefit within the price and quantity limits specified by the Directorate General of Drug Administration.

According to a World Health Organization report, there are around 15 lakh cancer patients in Bangladesh, with 150,000 dying each

year. Every year two lakh people are diagnosed with cancer.

The Global Cancer Observatory estimates that 109,000 people died of cancer in Bangladesh in 2020. It was 108,137 in 2018 and 91,300 in 2012.

According to an Evercare Hospital Dhaka analysis, chances of dying from heart disease has gone up to about 14.31 per cent in Bangladesh in the last 10 years.

According to International Diabetes Federation estimates for 2021, there were approximately 8.4 million adults aged 20-79 years living with diabetes in Bangladesh.

Local cancer drug sales amounted to about Tk 800 crore last year and the demand is growing by 15 per cent on an average annually, industry people say.

Around six local companies manufacture 99 per cent of the oncology drugs consumed by patients but some people still prefer imported drugs, according to a manufacturer.

Export of oncology products began in 2015 and now reach at least 140 countries.

## Synthetic footwear exports

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Bangladesh has improved the quality and design of synthetic footwear by investing in technologies and its products meet international standards, said Dilip Kajuri, chief financial officer of Apex Footwear Limited.

He, however, said the export scenario has changed from the second half of FY23 as orders have slowed amid persisting uncertainty in the western markets.

He said his company had been doing good business with a French sporting goods retailer by supplying non-leather footwear items.

The company has, however, stopped placing fresh orders as its

distributors are not keen to take more products fearing inventories might pile up amid demand slowdown, he said.

"On the other hand, our costs have increased significantly. We can't cover the cost of production with the price we are being offered."

Exporters such as synthetic footwear manufacturers get a cash incentive of 4 per cent from the government on their export earnings.

Shoiverse's Mahmud suggests large corporates invest in the sector as it does not require a huge amount of funds to set up an export-oriented factory.

"We also need to create skilled workers."