

China hits record in EV sales

REUTERS

Electric-vehicle sales are seeing continued strength globally with China reporting record monthly sales in October despite the end of subsidies, according to market research firm Rho Motion.

China ended an 11-year subsidy scheme for EV purchases in 2022, but some local authorities have continued to offer aid or tax rebates to attract investments as well as subsidies for consumers.

EV sales in China, the world's largest auto market, increased 29 percent year-to-date in September. The global EV market showed 34 percent growth in the same period.

China is entering the final two months of the year which are seasonally high for vehicle sales, according to Rho Motion.

"What's notable about October's figures is that EV demand in China continues to reach record highs even though the subsidies were cut ... 2023 is set to be another banner year for China in terms of EV sales," the market research firm said.

EV sales grew 26 percent in European markets, where cutting of subsidies has weighed on demand as seen in Germany where business subsidies were done away with in September, according to Rho Motion.

"This (subsidies) is an important factor in the German market as nearly two-thirds of passenger car registrations are commercial," the market research firm said.

Tesla, Mercedes-Benz and Volkswagen have warned high interest rates and a subdued market in the region are putting customers off.



Sugarcane on sale for Tk 1,500 to Tk 3,500 per 100 stalks depending on the quality at a weekly market in Binoykathi area of Jhalakathi. Planting runs from mid-October to mid-December whereas harvests can be made from mid-October to mid-April. Around 30.87 lakh tonnes were produced on 1.78 lakh acres of land around the country in fiscal year 2021-22, according to the Bangladesh Bureau of Statistics. The photo was taken recently.

PHOTO: TITU DAS

Transactions thru credit cards drop 7.73%

Bangladeshi credit cardholders spent double abroad than foreigners did within Bangladesh in Sep

AKANDA MUHAMMAD JAHID

Bangladeshi credit cardholders spent twice as much abroad as foreign nationals did within Bangladesh in September, according to the central bank.

Bangladeshi nationals transacted Tk 436.8 crore outside the country using credit cards in September, a 4.52 percent increase from the Tk 417.9 crore spent in the preceding month, data from the Bangladesh Bank showed.

On the other hand, foreign nationals spent Tk 190.4 crore in Bangladesh through credit cards in September, a massive drop of 12.84 percent from Tk 218.4 crore in August.

Meanwhile, overall transactions

through credit cards fell 7.73 percent to Tk 2,249.3 crore in September compared to the previous month's outlay of Tk 2,437.6 crore.

Md Mahiul Islam, head of retail banking at BRAC Bank, said most people were trying to make transactions through credit cards since there is still a major foreign exchange crisis.

"People are not able to take dollars from the bank now like they used to before as there is a limitation. So, spending through cards outside the country has increased," he said.

In the BB's analysis of country-wise transactions, it observed that credit cardholders used their cards mostly in neighbouring country India, which accounted for 16.66 percent of total cross

border transactions.

Other major destinations included the US, accounting for 15.90 percent of cross-border transactions, the UAE for 8.90 percent, and Thailand for 8.56 percent. The UK accounted for 7.70 percent, Singapore for 7.36 percent, and Canada for 6.84 percent.

In terms of expenditure behaviour, 48.54 percent of total transactions were made to purchase commodities from departmental stores and 12.85 percent related to purchasing necessary items from retail outlet services.

Around 9.23 percent of the total was used to pay for utilities, 8.64 percent for cash withdrawals, 5.94 percent for medicine and

4.87 percent for clothing.

Of transactions done by Bangladeshis, 71.66 percent took place through VISA and 17.34 percent through Mastercard. AMEX was used for 10.74 percent of total transactions while the remaining transactions were through other types of cards.

Among foreign nationals in Bangladesh, US citizens spent the most through credit cards, accounting for 22.12 percent of total spending while Indians transacted 12.04 percent and UK nationals spent 11.83 percent.

The central bank observed that credit card transactions within the country went through ups and downs as usual, adding that cross-border transactions follow almost the same pattern.

Europe's problems are far bigger than a shallow recession

REUTERS, Frankfurt

The euro zone appears to be in the middle of another recession but worries about whether definitive growth figures due early next year will have a plus or minus sign in front are missing the bigger picture.

The good news is that the 20 nation currency union is set to avoid a deep contraction that could scar firms, households and banks for years. The bad news is that growth is hovering around zero with little out there to fuel a meaningful recovery.

Economic headwinds are so strong that next year will also be challenging and fading growth potential suggests the euro zone would struggle to expand much more than 1 percent even with a robust rebound.

Deep structural problems mean Europe is bound to trail most other big economic areas for years to come.

The short-term outlook is not great - but not terrible.

Data on Tuesday showed gross domestic product shrank 0.1 percent in July-September from the previous three months, pointing to a shallow recession, if a weak fourth quarter follows as early indicators suggest.

But growth has been broadly flat all year and record high interest rates - a byproduct of the inflation surge - along with tighter budget spending will limit expansion to just 0.6 percent next year, according to a Reuters poll.

Optimists, including the European Central Bank's chief economist Philip Lane, say that demand should recover as workers are now enjoying a rebound in real wages that will boost confidence.

The labour market remains tight, and the world economy is rebounding, so external demand is also likely to be healthier.

State banks' Tk 1,600cr stuck

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Last year, 14 out of 35 NBFI in Bangladesh were in the red zone in a stress test carried out by the central bank, up from 12 in 2021.

In June, the NBFI sector's defaulted loans rose to Tk 19,951 crore, accounting for a staggering 27.65 percent of the total outstanding credits, central bank figures showed.

A former top official of a state-run bank said the government-owned banks normally do not want to invest or keep funds in any ailing firms. Sometimes, they did so because of the directors' influence or political pressure.

"Sometimes, top officials get involved in the decision of keeping funds with weak funds in exchange for benefits. So, a rigorous investigation is necessary and accountability needs to be ensured."

He said the NBFI had used the deposits to lend to borrowers. So, the NBFI could transfer the loans to the banks, paving the way for the latter to recoup the funds on their own.

At the heart of the NBFI sector's woes are large-scale irregularities.

A central bank

inspection unearthed

in 2020

huge irregularities and scams at a dozen NBFI, including

People's Leasing, ILFSL, Premier Leasing, Uttara Finance, and First Finance.

Rupali Bank invested Tk 566 crore through the opening of FDRs with some NBFI and opened FDRs involving Tk 110 crore with Padma Bank and Tk 19.89 crore with ICB Islamic Bank.

"When Rupali Bank kept the fund with the NBFI, the business of the NBFI was in good condition, their capital was strong and the classified loan was low. It was tough to predict at the time that they would fall to any difficult situation," said Md Harunur Rashid, chief financial officer of Rupali Bank.

"It was unexpected. Now, we are keeping regular communication with the NBFI."

He said the NBFI can talk to the central bank to find a solution.

Sonali Bank invested Tk 240 crore in Padma Bank, Tk 14.5 crore in ICB Islamic Bank and Tk 164 crore with several non-banks.

Janata Bank's investment in the form of

fixed deposits was Tk 190 crore at Padma Bank, Tk 14 crore at ICB Islamic Bank, and Tk 253 crore with several NBFI.

Md Abdul Jabber, managing director of Janata Bank, and Md Afzal Karim, managing director of Sonali Bank, could not be contacted for comments despite repeated attempts.

Hasina Jannat, head of treasury at First Finance, said the company can't repay the funds due mainly to a liquidity crisis.

"We are giving priority to individual depositors. We plan to return the funds to the state-run banks if a major loan recovery can be done."

A non-listed firm owes a large amount to First Finance and the NBFI is trying to recover it, he said.

Md Mashirul Rahman, acting managing director of ILFSL, said it has liabilities of around Tk 2,000 crore with several banks and around Tk 2,000 crore with other NBFI and corporate firms.

"Due to the liquidity crisis, we are currently not in a position to repay the funds."

He said the company is restructuring the equity base and hopes to reach a solution in the upcoming months.

Md Delowar, a treasury official of ICB Islamic Bank, said most of the FDRs of the state-run banks were opened when it was running its operations under the name of Oriental Bank.

When it was renamed to ICB Islamic Bank in 2008, the bank's liability was more than Tk 2,400 crore. It now stands at Tk 400 crore.

"We are paying back our depositors gradually and the interest is also being provided," Delowar added.

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Losses per share declined to Tk 2.07 in the first quarter of the financial year from Tk 3.75 a year ago, it said.

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