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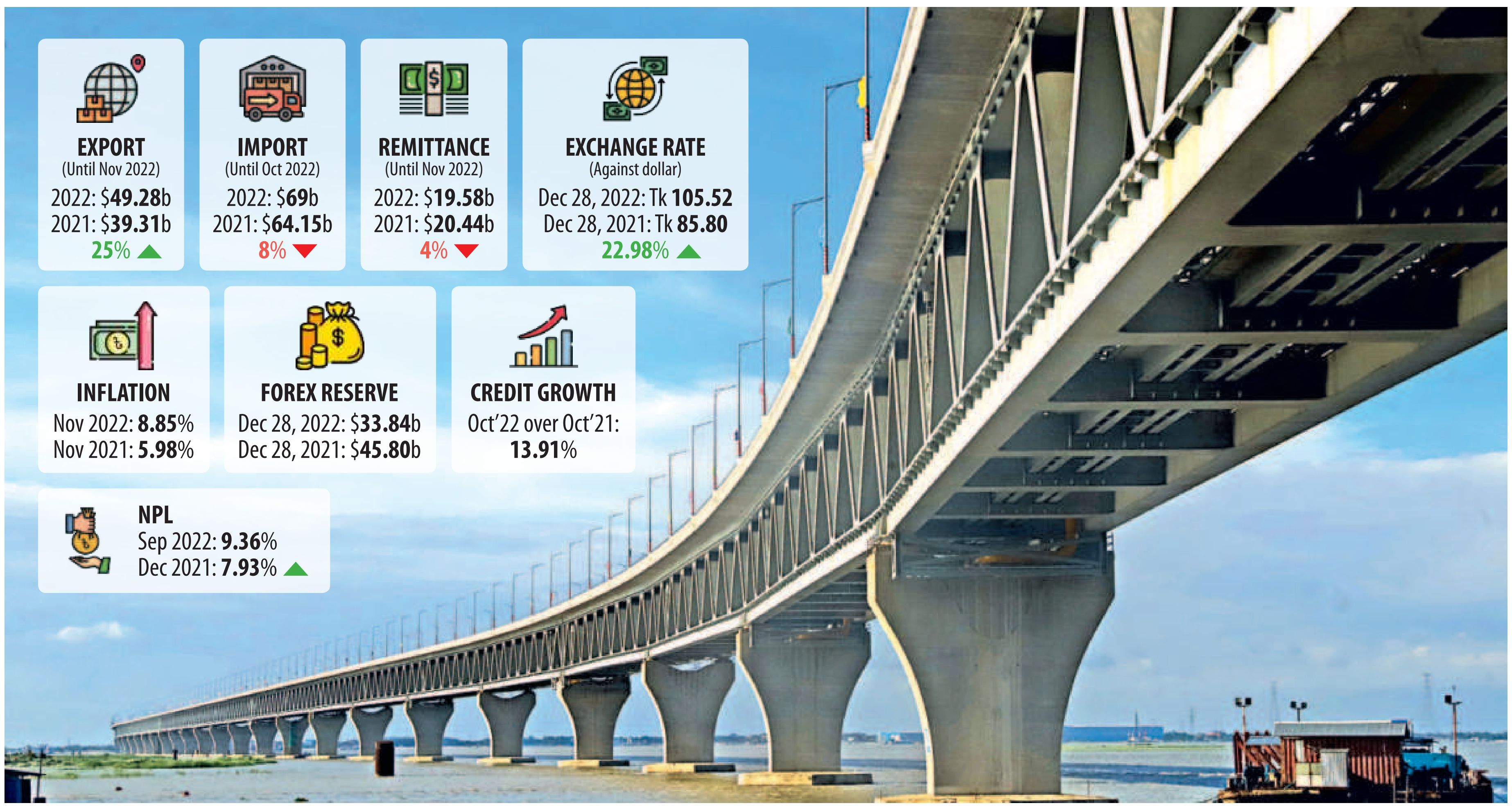

THE YEAR 2022 FOR ECONOMY

Out of the frying pan into the fire

MD FAZLUR RAHMAN

One could not ask for more from Bangladesh at the outset of 2022 as the country rebounded from the coronavirus pandemic-induced lows and people's two-year struggle appeared to be over finally and they were raring to return to normalcy.

But the recovery received a blow when Russia invaded Ukraine in the last week of February and in the subsequent months, Bangladesh faced one of the worst times in its history and people's woes only compounded.

Still, there are a few bright spots in the outgoing year. They included the opening of the Padma Multipurpose Bridge and a portion of Dhaka Metro Rail, the inauguration of the first unit of Rampal coal-fired power plant, and the 100 per cent population coming under electricity coverage.

Per capita income crossed $2,800 thanks to the increase in economic activities.

Export growth remained in positive territory despite record inflation and the energy crisis in the western economies.

In November, merchandise shipment went past the $5-billion mark for the first time, a major boost for the country reeling from the foreign exchange crisis.

Bangladesh also did not face any new challenge in terms of Covid-19 management and the vaccination programme has moved on.

The rest of the picture was largely disappointing.

The flow of remittance, one of the key pillars of the economic strength, has been quite disappointing as monthly receipts hover around $1.5 billion despite Middle Eastern economies, home to a majority of Bangladeshi migrant workers, booming on the back of higher revenues from oil sales, and a large number of migrant workers heading abroad in search of jobs in recent months.

The exchange rate went past the Tk 100 mark for the first time against the US dollar amid the shortage of American greenback, while the forex reserves sank to $34 billion for the soaring imports.

The dollar shortage was so acute that many banks were reluctant to open letters of credit to facilitate imports.

The outgoing year also saw inflation rise to a 10-year high. Fuel price hikes registered the sharpest pace of increase as the government's scope to continue subsidies has been squeezed amid the falling tax-to-GDP ratio.

Consumers had to pay historically high prices in August to buy coarse rice. The retail price of rice rose to Tk 49.5 per kilogramme in Dhaka in August, the highest on record.

Likewise, wheat flour prices shot to record levels in November and sugar prices surged above Tk 100 per kg for the first time.

The urea price was raised for the first time in 11 years as the government moved to reduce pressure on subsidy payments resulting from the surge in the prices of the key production input.

The banking sector made headlines for all the wrong reasons.

Owing to loan-related irregularities in some shariah-based banks spooked the confidence of depositors so many of them pulled out funds, stoking fears that there might be a bank run.

Non-performing loans stood at Tk 134,396 crore in September, the highest on record.

2022 has been perhaps the most turbulent year for consumers in most countries and Bangladesh was no exception as the war drove commodity prices

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First-ever exchange traded funds get approval

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) yesterday approved two exchange traded funds (ETF), namely LB Multi Asset Income ETF and FAM DG Bengal Tiger ETF, which are the first-ever ETF funds in the country.

The BSEC approved the ETFs in a commission meeting held at its own office in Dhaka's Agargaon.

An ETF is a type of pooled investment from investors that operates much like a mutual fund.

The difference is that it is used to invest in certain stocks that are included in an index, sectors or other assets. On the other hand, mutual funds can be used to invest in any stock or fixed-income asset.

The fund size of the LB Multi Asset Income Fund would be Tk 100 crore. The fund provider is LankaBangla Investment while the trustee is Bangladesh General Insurance Company.

Meanwhile, its asset manager is LankaBangla Asset Management Company.

The fund size of FAM DG Bengal Tiger ETF is Tk 50 crore while the fund providers are Frontier Asset Management and Dawn Global, and its trustee is MTB Capital.

Frontier Asset Management is working as its asset manager.

Both funds are actively managed ETFs, meaning they will have a benchmark index, but managers may change sector allocations, market-time trades, or deviate from the index as they see fit. This produces investment returns that do not perfectly mirror the underlying index.

In June of the current year, the Dhaka Stock Exchange announced that it had taken the necessary steps to launch ETF funds at its alternative trading board.

With the ETF funds, stock market investors will get a new product to pour their funds into.

STOCKS

DSEX ▲	CASPI ▲
0.17%	0.18%
6,206.81	18,328.02

COMMODITIES

Gold ▲	Oil ▼
$1,807.88	$78.13
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.37%	▼ 0.94%	▼ 0.54%	▼ 0.44%
61,133.88	26,093.67	3,249.24	3,073.70

EXECUTIVES' TAKEAWAY FROM 2022

NASER EZAZ BIJOY
President, FICCI

Near term challenges don't define long term potential

The year 2022 has been yet another challenging year. After a vibrant first quarter of economic activities, on the path of strong recovery from global onslaught of pandemic, the world was faced with another strong headwind from the geopolitical fallouts of the Russia-Ukraine war.

This time, the world saw elevated levels of inflation, followed by an unprecedented synchronised global monetary policy tightening. These created an adverse impact on volatility of interest rate, foreign exchange market and commodity prices in global as well as in local markets. Foreign currency liquidity tightness has been on the top of everyone's mind during most part of year.

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ZAVED AKHTAR
CEO, Unilever Bangladesh

Economic resilience commendable

As the world was coming out from the COVID-19 induced economic headwinds, 2022 became another unprecedented year for the globe and Bangladesh. We experienced supply line gridlocks, first due to unprecedented global consumer demand resurgence as COVID eased and later due to the Russia-Ukraine war leading to exceptional commodity cost inflation. Bangladesh had additional challenges of heavy flash floods in the north and sharp currency devaluation during the second half of the year. But despite the headwinds, the country's economic resilience has been commendable, and we have been able to manoeuvre the country reasonably well.

This year for FMCG industry has also been

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SAZZADUL HASSAN
Chairman, BASF Bangladesh

Farm output near expectations

2022 is one of the rare years when businesses and the overall economy experienced a mixed environment. Since the beginning of the year, as the pandemic situation was slowly getting better throughout the world, restrictions in goods and people movement were also being lifted deliberately. As a result, the business environment was gradually getting back to normalcy. Overall sentiment in the market turned to a positive mood. Consumer demand tended to rise. Therefore, during the first two quarters of 2022 most industries in Bangladesh experienced significant growth.

Production of our key food items like rice, vegetables etc was close to expectations, courtesy of favourable weather

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SUBIR KUMAR GHOSE
CEO, Partex Petro

Energy importers suffered a lot

Private energy importers suffered a lot in 2022 alongside government organisations.

The sector suffered a lot for not being able to open a sufficient number of letters of credit (LC) for the US dollar crisis.

Energy is not a luxury product and so Bangladesh Bank should allow opening LCs as Partex Petro needs a huge number of LCs.

Partex Petro had to import crude oil at $107 per barrel in July but sell it at $83 per barrel to the government in October.

This was not only for the fact that the price internationally had declined when the sale was made but also for the government adjusting the payment to $1 less than the international market rate.

Another point to note is that energy importers

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TASLIM SHAHRIAR
Senior AGM, Meghna Group of Industries

Import dearth may cause food crisis

The outgoing year has been an exceptional one for global commodity markets due to the surge in prices triggered by the Russia-Ukraine war and spike in demand following the recovery of economies from the Covid-19 pandemic.

The war has affected the commodity market severely. Commodity prices were high in the international market. Locally, imports became expensive because of the depreciation of taka against the US dollar. Taka lost around 23 per cent in value against the greenback.

As Bangladesh imports a number of key commodities -- wheat, edible oil, and sugar -- the country was also affected.

Wheat prices shot up to a record high after India banned exports of

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MD SHAHIDULLAH CHOWDHURY
Executive Director, Noman Group

First half was promising for apparel

The first and second quarters of the outgoing year were fine for the garment exporters as the international retailers and brands were coming up with quite a lot of work orders with the recovery of the global supply chain from the severe fallouts of the Covid-19.

However, the inflow of work orders from the international retailers and brands started declining since October in the outgoing year.

The placement of work orders between October and December till date this year has declined by more than 20 per cent compared with the corresponding period of last year because of the Russia-Ukraine war.

In 2022, one of the most spectacular achievements of

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KANTI KUMAR SAHA
CEO, Lankan Alliance Finance

Financial sector most talked about issue

The most talked-about sector of the economy in 2022 was the financial sector which is already burdened with an increasing amount of non-performing loans.

The performance of the financial sector could have been better if a market based foreign exchange rate and interest rate were adopted.

Reduction of import through some restrictions has yielded good results temporarily but will have an effect in the coming months on the GDP growth.

The interest rate cap on deposits for the non-bank financial institution sector was imposed at a time when inflation and non-performing loans in the entire financial sector were rising.

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