

The Daily Star

Prime Bank

MONTHLY BUSINESS REVIEW

Remittances Surge, Exports Dip

Remittance

» Feb inflow: \$3.02b (+19.4% YoY)

» Highest Feb remittance in at least seven years

» Boost driven by Eid-ul-Fitr festival transfers

» Total (July-Feb): \$22.45b (+21.4% YoY)

Reserves

» Gross reserves (Feb 26): \$35.11b (up from \$26.26b)

» IMF BPM6 reserves: \$30.36b (up from \$21.08b)

Exports

» Feb exports: \$3.49b (-12% YoY, due to garment slowdown)

» July-Feb exports: \$31.90b (-3.15%)

» Readymade garments: \$25.79b (-3.73%)

CENTRAL BANK LEADERSHIP SHAKE-UP

» Govt abruptly removed Ahsan H Mansur as Bangladesh Bank governor on Feb 25, ending his tenure due until 2028

» Finance minister said the move aligns institutions with the new govt's vision and priorities

» Within hours, Md Mostaqur Rahman, a corporate accountant and garment exporter, was appointed as the new governor

REQUEST TO DEFER LDC GRADUATION BY THREE YEARS

TIMELINE

ORIGINALLY SET: NOV 2024

EXTENDED ONCE TO NOV 2026 (COVID-19 IMPACT)

CURRENT REQUEST: DEFERMENT TO NOV 2029

UNDER REVIEW BY UN CDP → ECOSOC
UN GENERAL ASSEMBLY

DECISION EXPECTED SOON

Why deferment

» Global shocks: pandemic aftermath, war, supply disruptions, geopolitical instability

» Domestic pressures: political transition, financial stress, Rohingya burden

» Economic challenges: slower growth, high inflation, weak investment, forex pressure, limited job creation

Why it matters

» Potential export risk: about 14% (\$8b annually)

» Nearly \$1b in yearly incentives at risk

» Risk of losing preferential access, especially for EU garment exports

» Extension would support macroeconomic stability, smooth transition planning

Bangladesh to Review US Reciprocal Deal

Why review

» US Supreme Court struck down many Trump-era tariffs on Feb 20

» Deal raises concerns over Bangladesh's policy flexibility, economic freedom

» US president proposed an additional 10% tariff on all countries

Deal background

» Signed Feb 9 under the American Reciprocal Trade framework

» Includes an exit clause unique for Bangladesh

» Original tariff reduced from 37% → 20% → 19%

» Govt to review before finalising

Tariff situation

» Reciprocal tariff reduced from 20% → 19%

» Effective tariff: 19% + 16.5% = 35.5%

» With proposed adjustment, total could fall to 26.5%

Tight Monetary Policy Continues

» Policy stance: Tight policy to remain during Jan-Jun

» Policy rate: Held at 10% (in double digits since Oct 2024)

» Inflation: 8.58% (Jan); 12-month average 8.66% -- above 7% target

Liquidity & credit trends

» SDF rate: Cut by 50bps to 7.5% to support private lending

» Private credit: 6.1% (Dec 2025); projected 8.5% by Jun 2026

» Public credit: 28.9% (Dec); projected 21.6% in H2 FY26

» Govt borrowing target: Tk 1,18,000cr -- adding pressure on rates

FIRST-EVER EPA WITH JAPAN

» First full trade deal with a developed country, signed Feb 6

» Japan's first EPA with an LDC

MARKET ACCESS & TARIFFS

» 100% duty-free access for about 7,379 Bangladeshi products

» Immediate duty-free access to 97% of Bangladesh's export basket

» Bangladesh grants duty-free access to 1,039 Japanese products

» Full reciprocity not required -- giving Bangladesh policy space

» Japanese automobiles excluded to encourage local investment

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