

**Major Economic Indicators** [Source: Statistics Department, Bangladesh Bank]

Sl	Parameter	Value
1	GDP Growth	7.2% (FY'21-22)
2	Foreign Exchange Reserve	USD 29.26 billion as on 31 <sup>st</sup> August 2023
3	Wage Earners Remittance	USD 21611 million (2.75% growth over previous FY)
4	Import (C&F)	USD 4991 million (-14.92% growth over previous FY)
5	Export (EPB)	USD 4356 million (15.61% growth over previous FY)
6	Inflation	<ul style="list-style-type: none"> <li>▪ 12-month average is 8.78% (y-o-y) in 2023 [continued falling trend after the peak of August 2022]</li> <li>▪ The point-to-point food inflation increased to 8.13 percent (y-o-y) while non-food inflation is 9.82%</li> <li>▪ By August' 2023, General Inflation : 9.92% &amp; Food Inflation :12.54%</li> </ul>

**Section A : Global Economy**



- Global inflation is projected to fall from 8.70% in 2022 to 6.8% in 2023 and also at 5.2% in 2024.
- America's annual inflation rate increased to 4.9% in 2023. The core inflation rate, which excludes energy and food prices, fell slightly to 5.5%.
- UK annual income inflation rate jumped to 4.2%, highest in decade due to higher energy cost Japan's economy shrank by 0.8% due to global supply chain disruption.



- Global economic growth is projected to fall from 3.5% in 2022 to 3.0 % in both 2023 & 2024.
- Global debt reaches record USD 226 trillion highest since WW-II for global health crisis.



- WB announced USD 23.5 bn replenishment package for low-income countries through IDA.
- WB has issued USD 5.00 billion in Sustainable development Bond on climate change fund.
- Chinese GDP growth to reach 8.0% this year, before moderating to 5.1% in 2022.



ASIAN DEVELOPMENT BANK

- The economic growth of Asian countries in last Fiscal Year was 5.3%, mainly contributed by developing countries of the region.
- Under strategy-2030 aligned with global commitment, ADB planned to eradicate extreme poverty and visioned to achieve prosperous, resilient, and sustainable Asia and the Pacific.



- Sugar price is likely to increase in Q3-23 in global market as drastic production fall in India.
- US GSP facility to apparel sector is expected to boost apparel export by USD 800 a year.



KSA budget is to increase with huge surplus amount ever after 2014 due to current oil market.



Qatar plans to invest at least USD 10 billion in US ports for infrastructure development.



The Economic Outlook projects a moderation of global GDP growth from 3.3% in 2022 to 2.7% in 2023, followed by a pick-up to 2.9% in 2024.

## Section B : Global Finance and Banking



Shipping giant Maersk expands business with buying Asian warehouse worth USD 3.6 billion.



Samsung Electronics is expanding chipmaking plant worth USD 17 billion in USA & creating jobs  
Brent Crude oil price fell to USD 70.00 from USD 82.00 due to reduction of demand.



Combined Crypto market has increased a lot which stood at more than USD 2 trillion bitcoin price (CNBC)  
JPMorgan hit with \$200 m fines for letting employees use WhatsApp to evade regulators' reach (CNBC)



Microsoft has purchased AI & Space communication company Nuan.O worth USD 16 billion,  
Apple's market capitalization is close to USD 3.00 trillion where years back it was a USD trillion company.

REUTERS

Danske, a Danish bank is being investigated by Authority for USD 200 billion money laundering issue.



Malaysia-based CIMB Bank is issuing USD 3.5 billion Sukuk under the Wakalah program (Islamic Finance).

## Section C : National Economy

- Bangladesh Bank begins curtailing money supply as Contraction Policy in September 2023 in the economy to contain nagging inflation.
- Spread of all Banks in Bangladesh based on Monthly Weighted Average Rate of Interest on Deposits and Advances is 3.29%.
- F Ex reserve at the end of August 2023 stood at USD 29.26 billion slightly increased over July-2023.
- Total export earnings from RMG stood at USD 11739.17 million in FY23 (Woven USD 5138.45 million and Knitwear USD 6600.72 million) which was 4.22% lower than the correspondence period.
- GDP Annual Growth Rate in Bangladesh is expected to 5.50% by the end of 2023, according to Trading Economics global macro models and analysts [TEGMMA] which is 6.03% according to BBS report.
- The USA, Germany, the UK, Spain, France, Italy, the Netherlands, Canada, and Belgium were the top destinations for RMG exports during April-June of FY23, amounting USD 8329.16 million being 70.95% of total RMG exports.
- During April-June of the current year, the country's FDI was USD 626.47 million, down 29.49% from USD 888.48 million recorded in the same period a year ago.
- Import (C&F) amount stood at USD 4991million decreased by 14.92% over the last.
- Export (EPB) amount stands at USD 4356 million increased by 15.61% over the last.
- Exchange rates of Taka for inter-bank and customer transactions are set by the dealer banks, based on demand-Supply interaction as well as indicative rates suggested by BAFEDA.





- WB approved USD 300 million to help improving Secondary Level education of Bangladesh.
- World Bank approved USD 102 m fund for Jamuna River to boost up connectivity & economic activities.
- In Bangladesh, a 1% deviation between the formal and informal exchange rate shifts 3.6% of remittances from the formal to the informal financial sector.
- ADB forecasts economic growth in FY 2024 @6.5% with slight decrease of Inflation.
- In August'2023, General Inflation in national economy was 9.92% and food inflation was 12.54%.
- Chinese Company named as BD Boyang Textile Co Ltd. has signed an agreement with BEPZA to invest USD 23.15 million to set up a world class home textile manufacturing industry in Uttara EPZ.
- Wage Earners' Remittance stood at USD 21611 million which increased by 2.75% over previous FY.
- BD Government finally okays to import 4 crore eggs to stable the market soon.
- Reserve Money stood USD 29261 m at end of Aug'2023 @1.61% neg. growth over last month.
- Interbank BDT-USD Exchange rate was avg. about Tk.110.00 in August-Sept'2023.

## Section D : National Finance & Banking



- ❖ Uniform service charges of MFS for implementation of Universal Pension Scheme will have to be maintained.
- ❖ From now on, income tax payment will have to be made in compliance with Income Tax Law-2023, instead of Income Tax Ordinance-1984.
- ❖ For better implementation of Guidelines on Credit Risk Management (CRM) for Banks, the Loan clients from now are required to put their Thumb Impressions in Charge Documents.
- ❖ Remittance has fallen by 21.5 percent in Aug;23, the steepest decline since the peak of the pandemic in 2020.
- ❖ Containing inflation to curb price rises, liquidity funneling into commercial banks is getting squeezed as BB begins in September 2023 curtailing money supply in economy.
- ❖ In an attempt to increase liquidity in forex market, BB has reduced US Dollar retention limit for exporters who maintain FC Accounts with proceeds from shipments.
- ❖ The City Bank Ltd is going to invest Tk 277.80 million in proposed digital bank "Digi10 Bank PLC" as a sponsor shareholder.

## Section E : Foreign Exchange Market



- Bangladesh will now offer long term Financing in US Dollar through Central bank (to be disbursed by AD branches of Banks) for valued exporters of country, mainly for export-oriented manufacturing industry.
- FEx Policy Department (FEPD) of BB has issued a circular in September 2023 to reduce retention limit out of realised export proceeds of ERQ to 7.5%, 30% and 35% from 15%, 60% and 70% respectively.
- BB has allowed Authorized Dealers (AD Branches of Banks) to execute forward sales and purchases in foreign exchange against bonafide need of customers and relevant counterparties.



- Revised Operations Manual for refinancing under 'COVID-19 Emergency and Crisis Response Facility Project (CECRFP) has been published by BB funded by Asian Infrastructure Investment Bank (AIIB), valued BDT 200 billion
- From now, inclusion of Particulars, standard, Unit Price and quantity of goods in Proforma Invoice/Indent is mandatory as per BB circulation in September 2023.
- The Government has allowed designated Authorized Dealers (ADs) to transfer export proceeds retained in foreign currency to other ADs for settlement of import payments and/or EDF liabilities against admissible bulk imports.

## Section F : Islamic Banking (Global)



- Russia has launched Islamic Banking for the first time in history as part of a 02 year Pilot Project started on 1<sup>st</sup> Sep '2023 to meet expectations of Muslim population estimated up to 25 million. Earlier on 4<sup>th</sup> August 2023, Russian President Vladimir Putin signed a law introducing Islamic banking to assess its "feasibility", after that, this is the first time the country's legislation has officially endorsed its launch [Al Jazeera].
- There are more than 200 Islamic financial institutions all over the world with investment funds in excess of \$250 billion, while the annual growth rate of Islamic banking industry worldwide is more than 16%.



HSBC Amanah has become the best International Islamic Bank in 2023 whereas Mashreq Al Islami Bank based on Dubai has been nominated as the Best Digital Islamic Bank in 2023, according to Euromoney Islamic Finance Award-2023.



KSA & Qatari Islamic Banks attained highest average strength score of 3.91 and 3.62, out of 5.00 respectively to be strongest Islamic Banks/FIs of world in 2023 followed by Kuwaiti & Turkish Banks which achieved higher average strength score than selected 100 Islamic Banks worldwide @ 3.27 out of 5.00.



Global Islamic finance industry expecting to grow 10% in 2023-24 despite economic slowdown, after posting a similar expansion in 2022 mainly led by the GCC countries [S&P Global Ratings]

## Section G : Islamic Banking (Local)



Islamic finance is likely to continue growing in coming days medium term in Bangladesh driven by rising public demand, new branch openings, and supportive government policies.



Standard Chartered Saadiq Bangladesh has been recognised as the "Islamic Bank of the Year" and "Best Retail Bank" of the country for 2023 at The Asset Triple A Islamic Finance Awards in recognition of providing solutions centred on innovation, creativity, and convenience, such as, Real Time On-Boarding (RTOB) & Saadiq Non-Face to Face (NF2F) to enable customers to manage their finances with ease and comfort.



Islami Bank Bangladesh PLC obtained Remittance Award for collecting highest remittance in Bangladesh, presented in NY at the closing of the 2-days Bangladeshi Immigrant Day and Trade Fair 2023 organised by USA-Bangladesh Business Link New York Inc in association with FBCCI.



IBBL PLC achieved Commonwealth Business Excellence Award 2023 as the Strongest Bank in Bangladesh, announced in a ceremony held at the Pan Pacific, Singapore [The Dhaka Tribune].



Islami Bank Securities Limited (IBSL) has achieved Independence Golden Jubilee Award-2022 from BSEC delivered on 27 September 2023 [Business Insider].

## Section H : Events of IBTRA



IBTRA has successfully conducted a 15 day long Foundation Training Course of Probationary Officers Phase-II ended on 31<sup>st</sup> July 2023. Janab Mohammed Monirul Moula, hon'ble Managing Director & CEO of the Bank graced the closing ceremony as Chief Guest and Janab Md. Nazrul Islam, Principal of IBTRA was in the Chair.



IBTRA conducted an Executive Development Program on “Four Decades of Islamic Banking in Bangladesh and the Way Forward” held on 12<sup>th</sup> August-2023. Janab Mohammed Monirul Moula, hon'ble Managing Director & CEO of the Bank was present as Chief Guest & Moderator in the event and Janab Mohammad Qaisar Ali, Janab JQM Habibullah FCS and Janab Md. Altaf Hossain, Additional Managing Directors were present as panel discussants. Janab Khaled Mahmud Raihan FCCA, SVP of the Bank was the Key Note Speaker, while Janab Md. Nazrul Islam, Principal of IBTRA was in the Chair



IBTRA has successfully conducted a 5 day long Training Program on “Managerial Functions and Leadership” started on 10<sup>th</sup> September 2023. Janab Mohammad Qaisar Ali, Additional Managing Director of the Bank inaugurated the Program as Chief Guest while Janab Md. Nazrul Islam, Principal of IBTRA was in the Chair.

## Section I : Knowledge Corner

### Short Notes on Sukuk:

**Sukuk** are Islamic certificates of investment. Literally, Sukuk means bond, instrument, paper, certificate, cheque etc. Sukuk (Arabic: صكوك, plural o صك Sakk, "legal instrument, deed, check") is the Arabic name for financial certificates, but commonly refers to the Islamic equivalent of bonds.

**AAOIFI** defines Sukuk (plural of Sak) as “certificates of equal value representing undivided shares in ownership of tangible assets, usufructs and services, assets of particular projects or special investment activity.” However, this is true after receipt of the value of Sukuk, closing of subscription and employment of funds received for the purpose for which the Sukuk were issued.

As per **BSEC**, Sukuk means a certificate of equal value which evidences the undivided shares in the ownership of the tangible assets, usufruct and services or (in the ownership of) the assets of particular projects or special investment under the Shari’ah compliant investment contract.

As per **SCM** (Securities & Exchange Commission Malaysia), Sukuk are Certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts endorsed by the Shariah Advisory Council.

#### **Sukuk Parties:**

The parties involved are Lead Arranger, Shari'ah Supervisor, Lawyers, Originator, Issuer: SPV, Primary investors, Service providers, Secondary Investors, Rating Agency, Trustee and Auditors.

#### **Sukuk Structuring:**

Structuring of Sukuk is the most critique part of all affairs of Sukuk. Structuring may be of project specific, asset specific, balance sheet or even transaction specific. However, Ijarah Sukuk is the most popular structure among the investors as it generates periodic fixed rental to them and it comprises of at least 65 percent of total international Sukuk issuance.

#### **Sukuk Products:**

Sukuk can be structured alongside different techniques. Sukuk constitute partial ownership in a debt (Sukuk Murabaha), asset (Sukuk Al Ijara), project (Sukuk Al Istisna), business (Sukuk Al Musharaka), or investment (Sukuk Al Istithmar). The products of Sukuk are briefly discussed below:

#### **Mudaraba Sukuk:**

Represents ownership of units of equal value in Mudaraba equity, used enhancing public participation in projects.

#### **Musharka Sukuk:**

Represents ownership of Musharaka equity used for mobilizing the funds for establishing a new project or developing an existing one or financing a business activity based on partnership contracts.

#### **Ijarah Sukuk:**

Represents ownership of well-defined existing and known assets tied to a lease contract. These Sukuk gives their owners the right to own the assets, receive the rent and dispose of them on maturity.

#### **Murabaha Sukuk:**

The issuer of Sukuk is the seller of Murabaha commodity. Subscribers are the buyers of that commodity, and Realized funds are the purchasing cost of the commodity. The Murabaha-based Sukuk is only feasible in the primary market.

#### **Salam Sukuk:**

Salam Sukuk are ownership certificates for the goods to be delivered to the Sukuk holders.

#### **Istisna Sukuk:**

Istisna Sukuk are certificates that carry equal value and are issued for mobilizing funds required for producing products that are owned by the certificate holders.

#### **Hybrid Sukuk:**

The underlying pool of assets in it can be comprised of Istisna, Murabaha receivables as well as Ijara and Wakala.

Despite having some challenges, Sukuk possess enormous potentialities which deserve further study & research for executing in practical fields in a developing country like Bangladesh.