

Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.

July-April trade gap widens by 21%

- Bangladesh's trade deficit widened by more than 21% in the first 10 months of the current fiscal year (FY), 2020-21, because of rising import payment pressure on the economy, officials said. The trade deficit with the rest of the world crossed the USD 17-billion level, and stood at USD 17.23 billion during the July-April period of FY 21. It was USD 14.22 billion during the same period of the previous fiscal. Import payments have increased significantly in recent months, mainly due to higher purchase of raw materials for ready-made garments (RMG) along with resumption of infrastructure development works across the country, according to the officials.

- Import payments grew by nearly 13% to USD 48.56 billion during the period under review from USD 42.97 billion in the same period of FY 20. On the other hand, export earnings increased by 8.97% to USD 31.33 billion in the first 10 months of FY 21 from USD 28.75 billion a year ago. Meanwhile, the country's current account balance entered into negative territory despite higher growth of inward remittances. Higher import payment obligations pushed down the current account balance to negative territory from the surplus position after a few months of this fiscal, a BB senior official said. He also predicted that the negative trend of current account balance might continue until June 2021.

<https://today.thefinancialexpress.com.bd/first-page/july-apr-trade-gap-widens-by-21pc-1622482512>

<http://www.newagebd.net/article/139360/july-april-trade-deficit-widens>

<https://www.dhakatribune.com/business/economy/2021/05/31/trade-deficit-rises-21-12-in-july-april>

Remittance sees 40% YoY growth in seven months

- The country's remittance flow witnessed a growth of 40.1% in the last seven months compared to the same period of the previous fiscal year. During this period, the reserves reached USD 22.748 billion which was USD 16.229 billion in the same period of 2019-2020 fiscal year. Meanwhile, in May, the remittance was USD 2.07 billion which was USD 1.361 billion in the same period of the previous fiscal year. The robust inward remittances boosted the country's foreign exchange reserves, taking it to USD 44.96 billion.

<https://www.tbsnews.net/economy/remittance-sees-40-yoy-growth-seven-months-253825>

Garment export may recover by Oct: BGMEA

- Garment export might make a full recovery to pre-pandemic levels by October this year as shipments are rebounding with the reopening of Western retail stores. Between July and April of the current fiscal year, receipts were up 6.24% year-on-year to USD 26 billion, showing the resilience of the industry amidst the fallouts of Covid-19. Of the sum, USD 13.99 billion came from knitwear, which registered 15.34% year-on-year growth. Earnings from woven fell 2.71% to USD 12 billion.

- Knitwear shipment is increasing as people are spending more time indoors. Because of the pandemic, demand for woven garment, such as formal shirts and trousers, has fallen. Woven exports declined by more than 10% in most months over the past one year. April saw the lowest decline, meaning now the segment is rebounding thanks to gradual reopening of stores and offices. The trend of garment shipment is good with the rise in demand in the Western world, said the president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

- He hopes the full recovery of exports from the garment sector will be by October this year, he said. They are hopeful because majority of the people in the US have already completed the vaccination and the consumers started going to the retail outlets which indicates that the economy is rolling on, he said. European retailers and brands have started reopening stores while consumers are spending more, for which demand for Bangladeshi garment items has also been growing. Moreover, work orders are being shifted to Bangladesh from other countries like China, thanks to competitive prices and the Covid-19 setbacks.

<https://www.thedailystar.net/business/news/garment-export-may-recover-oct-bgmea-2102605>

Tax collection more than doubles in April

- Revenue collection surged 116% year-on-year to BDT 193.26 billion in April, the highest monthly growth in the current fiscal year, which has seen lower tax receipts because of the economic slowdown. Receipts rose 13% year-on-year to BDT 1.97 trillion in the July-April period, buoyed by increased imports and higher collection from domestic sources ahead of Eid-ul-Fitr, the biggest sales season in the country. Despite the stellar performance in April, the tax administration is unlikely to achieve its revised collection target of BDT 3.01 trillion in 2020-21: the NBR will have to generate BDT 1.03 trillion in the final two months of the fiscal year ending in June.

- The director-general for research and statistics of the NBR, however, hoped that the collection would be closer to the revised target at the end of the year. They usually receive a higher amount of tax in the last two months of a fiscal year, he said. The NBR raised BDT 611.32 billion from import tariff from July to April, up 20% year-on-year.

<https://www.thedailystar.net/business/news/tax-collection-more-doubles-april-2102597>

Costlier raw materials push rod prices to record high

- With rod-making raw material scrap prices having doubled since September last year, mild-steel (MS) rod prices climbed to a record high of BDT 72,000 per tonne. The rate of the premium quality (75-grade) rod was at BDT 52,000 per tonne just six months ago. Explaining the rise, rod manufacturers have said prices of rod-making scrap in both international and national markets have been rising since September last year, making all grades of MS rods pricier. The scrap is either directly imported in billet form or supplied by Chattogram-based shipbreakers.
- The deputy managing director of the BSRM Group, said scrap was at USD 265-270 per tonne in July-September last year in the international market, while the current rate is at USD 550-580. Though scrap rates almost doubled in the last eight months, they did not double rod prices considering the ongoing mega-projects of the government and the general people. They are still selling rods at adjusted rates with production costs, he commented. MS rod wholesalers said there are four types of rods available in the market – premium (75-grade) quality, fine quality (60-grade), good quality (40-grade) and general quality.
- With the BDT 20,000 per tonne hike, fine quality rod is now selling at BDT 65,000, good quality sells at BDT 63,500 and general category is at BDT 60,500 per tonne. Amid the rising trend, each of the categories has edged up unusually by BDT 2,000 per tonne in the last two days alone. People in the steel sector said the country's construction sector faced a stalemate with the Bangladesh government imposing a 66-day countrywide shutdown to curb coronavirus infection. After a pause for five or six months, the construction sector started recovering from November last year as demand for rods kept rising.

<https://www.tbsnews.net/economy/costlier-raw-materials-push-rod-prices-record-high-253804>

BSCCL to increase bandwidth as demand surges

- Bangladesh Submarine Cable Company Limited (BSCCL), a core submarine cable internet bandwidth provider in the country, is to extend its existing capacity by 1,600 Gbps to reach 3,500 Gbps by mid-2022 in order to ensure high-speed internet amid growing demand. According to Bangladesh Telecommunication Regulatory Commission, in the last five years till April 2021, the number of internet users jumped by 86% to 115.4 million. In this period, mobile internet subscribers increased by 80% to 105.62 million and broadband users jumped by 205% to 9.81 million.
- Besides, from March 2020 to April this year, the number of broadband users jumped by 71% amid the increased use of digital platforms to conduct official tasks and meetings due to Covid-19. BSCCL officials said that the analysis of International Terrestrial Cable (ITC) bandwidth usage in the last few years shows the annual bandwidth usage growth is about 70%. BSCCL has applied to add 600 Gbps to the first cable. The existing capacity of the cable is 700 Gbps. The general manager of the company said that the consortium had already started working on this and would hopefully be done in the middle of next year.
- On the Singapore-Kuakata route, 900 Gbps will be added to the second cable within January next year. Its existing capacity is 1,200 Gbps. Besides, the company has already upgraded the capacity of the second cable by 100 Gbps on the Kuakata-Marseille (France) route. After enhancement, its total capacity will be 2,200 Gbps. The proposed third submarine cable, SMW-6, is going to be installed in Cox's Bazar within 2024 and the project cost is BDT 6.93 billion. It alone will add 6,000 Gbps to the total capacity.

<https://www.tbsnews.net/tech/ict/bsccl-increase-bandwidth-demand-surges-253789>

5% tax exemption for providing employment to 100 transgenders

- In the upcoming budget for the 2021-22 fiscal year, corporate tax is going to be waived if any company recruits 100 members of the transgender community, commonly known as Hijras in Bangladesh. The government is considering this move to foster inclusion of the third-gender community into mainstream society.

<https://www.dhakatribune.com/business/2021/05/31/5-corporate-tax-cut-for-employing-100-transgender-people>

Revenue collections set to miss target for FY21

- The National Board of Revenue is set to miss its revenue collection target in the outgoing fiscal year 2020-2021 despite a moderate growth in collection in the first 10 months of the year due mainly to the Covid outbreak-induced sluggish economic activities and an ambitious target set for the year. Revenue collection by the NBR grew by 12.87%

in July-April period of FY21 compared with that in the same period of FY20. Tax officials managed to collect only BDT 1.97 trillion in the period, up BDT 225.25 billion on BDT 1.75 trillion collected in the same period of FY20, the data showed.

- In April FY21 alone, revenue collection grew by 116.16% compared with that in the same month of FY20. The tax authorities will have to collect BDT 1.03 trillion in the remaining two months — May and June — of FY21 to achieve the revised target set at BDT 3.01 trillion for the year. Officials said that it was quite impossible to meet such a huge amount of tax collection in the remaining two months amid the ongoing economic situation in the country. The overall revenue collection may stand around BDT 2.30 trillion by the end of the year, they estimated.

<http://www.newagebd.net/article/139359/revenue-collections-set-to-miss-target-for-fy21>

Fiscal benefits likely for Sukuk investors

- The government is likely to offer fiscal benefits in order to attract investment in Sukuk, a bond-like instrument used in Islamic finance. The existing gain tax at a rate of 4.0% might be waived on transfer of asset to the Special Purpose Vehicle (SPV) in the Finance Bill-2021, officials said. Finance Minister may propose the tax waiver while placing the national budget for fiscal year 2021-22 on June 03.
- A Sukuk is an Islamic financial certificate, akin to a treasury bond, which complies with the shariah laws. A senior Bangladesh Bank (BB) official said the move would help attract investment in Sukuk. Due to higher taxes, investors will have to pay higher at the time of leasing assets to the SPV, although it is not like sale of other properties. Sukuk is a real asset-backed security and its issuing company will get back the asset after expiry of the leasing time or end of the term, he said. Industry insiders said existing taxes on asset transfers are one of the main obstacles to creating a vibrant Sukuk market in the corporate sector here.

<https://today.thefinancialexpress.com.bd/first-page/fiscal-benefits-likely-for-sukuk-investors-1622482560>

Final auction for Islamic bond on Jun 9

- The final phase of the auction for Bangladesh Bank's BDT 40.00 billion sukuk bond is going to be held on June 9. A sukuk is an Islamic financial certificate, similar to a treasury bond and structured to generate returns in compliance with Islamic finance principles. The government will raise BDT 80.00 billion through the issuance of the sukuk to implement a safe water supply project. In the first phase of the auction held last December, various banks and individuals placed 39 bids worth BDT 151.53 billion against the targeted amount of BDT 40.00 billion.
- Any local or foreign individual or bank can participate in the auction between 9:00am to 11:59am following the central bank's format. A client will have to invest a minimum of BDT 10,000 in the security, and there is no upper limit. Banks, corporate institutions and individuals will be permitted to invest. Investors will receive a profit of 4.69% on their investment in the Islamic bond. The last declared profit-sharing ratio of the six-month BGIIIB is 3.69%, and the central bank has added 1% point to decide the rate for the sukuk. Profits will be paid on a half-yearly basis.

<https://www.thedailystar.net/business/news/final-auction-islamic-bond-jun-9-2102577>

2 listed ice cream makers hope for recovery as sales pick up

- The ice cream industry is gradually recovering from last year's coronavirus driven downturn, with two listed ice cream makers – Taufika Foods and Golden Harvest Agro – seeing a slight recovery now. Ice cream consumption has increased in the ongoing pandemic, they say. They also hope for a full recovery, provided the present rebound continues and the pandemic subsides. But to reach pre-pandemic levels, the industry will take more than a year, they said. Industry sources say when Covid-19 broke out last year, a rumour that ice cream consumption might increase the risk of coronavirus infections made the rounds. Soon, the industry faced a big blow as sales decreased drastically.
- An official of GHAIL said its agro, dairy, and ice cream product sales were increasing gradually after last year's lockdown. The company secretary of Golden Harvest said that ice cream product sales had increased in the first nine months of FY21, compared to the same period last fiscal year. They started to recover in early 2021. The ice cream industry may return to normal next year, he added.

<https://www.tbsnews.net/economy/corporates/2-listed-ice-cream-makers-hope-recovery-sales-pick-253795>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$66.65	\$18.13	37.37%
Crude Oil (Brent)*	\$68.97	\$17.17	33.15%
Gold Spot*	\$1,907.48	\$12.38	0.65%
DSEX	6,008.69	606.62	11.23%
S&P 500	4,204.11	448.04	11.93%
FTSE 100	7,022.61	562.09	8.70%
BSE SENSEX	51,422.88	3,671.55	7.69%
KSE-100	47,126.29	3,370.91	7.70%
CSEALL	7,333.42	559.20	8.25%

Exchange Rates

USD 1 = BDT 84.77*

GBP 1 = BDT 120.70*

EUR 1 = BDT 103.67*

INR 1 = BDT 1.17*

**Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.*

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