

Weekly Market Update

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.16%) lost -9.99 points and closed the week at 6,366.96 points. The blue-chip index DS30 (-0.08%) lost -1.82 points and stood at 2,293.77 points. The Shariah-based index DSES (+0.08%) gained 1.11 points and stood at 1,387.89 points. The large cap index CDSET (-0.38%) lost -4.74 points and closed at 1,258.34 points. DSEX, DS30, DSES and CDSET showed YTD returns of -5.77%, -9.43%, -3.02%, -7.42%, respectively.

Total Turnover During the Week (DSE): BDT 38.1 billion (USD 408 million)

Average Daily Turnover Value (ADTV): BDT 7.6 billion (Δ% Week: -1.1%)

Market P/E: 15.9x

Daily Index Movement during the Week

Market performed five sessions during this week. Market started on a negative note (-0.27%) on Sunday. It remained negative (-0.20%) on Monday. It moved to positive (+0.40%) on Tuesday. It again turned back to negative (-0.10%) on Wednesday. Market ended at a positive note (+0.01%) on Thursday.

Sectoral Performance

- Financial sectors posted mixed performance this week. Life Insurance booked the highest gain of 2.01% followed by Mutual Fund (+0.56%), and NBF1 (+0.44%). Bank experienced the highest loss of 1.58% followed by General Insurance (-1.46%).

- Non-financial sectors posted mixed performance this week. Telecommunication booked the highest gain of 3.89% followed by Fuel & Power (+0.52%). Pharmaceutical experienced the highest loss of 0.72% followed by Engineering (-0.67%), and Food & Allied (-0.22%).

Macroeconomic arena

- Banks to provide BDT4.33 Bn loans to tannery owners. Freight costs surge four times over long delay at private ICDs. 125 firms to import 250,000 tonnes of rice. BPC looks for USD2 Bn as fuel stock depletes fast. Cross-border data flow curbs may cut digital services exports by 29%-44%. Call money rate hits 5.48% amid rising cash demand ahead of Eid. Default loans in leather sector jumps to BDT15.41 Bn. BGMEA targets USD100 Bn RMG export by 2030. Bangladesh-Bhutan PTA gives duty-free market access to more products. China-led trade bloc holds promise, with some caveats. LC margin on import of luxurious products raised further. BD commercial debts swell to nearly USD25 Bn. BEZA to expedite development of planned EZs in SW region.

- Consumers feel the pinch as power outage rises. Exporters seek faster raw material delivery through green channel. BB slaps 100% LC margin to discourage imports of cars, electronics among other items. Reduced vat facility for edible oil extended till September. Trade deficit hits historic high. Home textiles, agri and leather emerge with major export potentials. Export shines, deficit widens too. Fresh belt-tightening to save govt BDT320 Bn. Remittance drops by USD3.75 Bn in FY22. No ceiling on remittance thru internet banking. Lanka seeks BD's support to ship 'emergency' liquid chlorine. BDT 9.79 Bn earned from bond facility. Trade deficit projected at USD 33 Bn in FY22. Export growth to slow in FY23: BB. Operating profits of 14 private banks up in H1. Relaxed loan rescheduling for rawhide traders. Cotton price drop may lift garment orders. Mobile internet users hit hard by VAT hike.

Stock Market arena

- BSEC okays Chartered Life Insurance IPO. eGeneration wins SAP Bangladesh Partner of the Year 2021 Award. ONE Bank signed agreement with ShareTrip. RN Spinning fined for the undocumented transaction of BDT 1860 Mn. Free services, related cost hold back Sonali Bank. Stocks rebound, GP gains after three-day plunge. ADN Telecom to invest in fire safety business. IFC to invest USD 50 Mn in Brac Bank's housing bond. Intraco Refuelling to issue BDT 500 million bond. Eastern Cables signs USD 4.2 Mn deal with China corporation. BSCCL to add 3800 GBPS by next year. REL secures USD23 Mn in loans from UK. City Bank avails USD 45 Mn syndicated loan from Bank Muscat. Navana Pharma's IPO share bidding begins tomorrow. Foreign investments on DSE shrink to BDT 99.76 Bn. Raising capital through IPO drops 57% in FY22. Parkway Packaging to raise BDT 300 Mn from capital market. Islami among top 10 banks in BB sustainability rating.

July 07, 2022 (Week: July 03, 2022 – July 07, 2022)

Dhaka Stock Exchange

DSEX ended Red (-0.16%) in the week

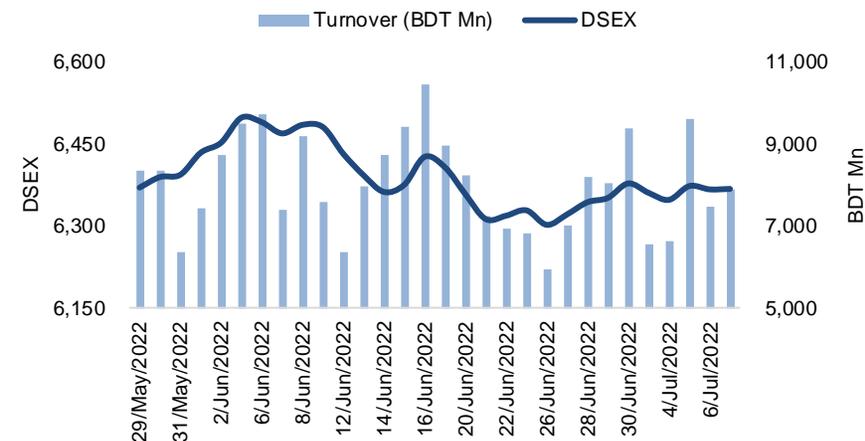
Table 1: Index

Index	Closing*	Opening*	Δ(Pts)	30-Dec-2021	Δ% Week	Δ% YTD
DSEX	6,366.96	6,376.94	-9.99	6,756.66	-0.16%	-5.77%
DS30	2,293.77	2,295.59	-1.82	2,532.58	-0.08%	-9.43%
DSES	1,387.89	1,386.78	+1.11	1,431.12	+0.08%	-3.02%
CDSET	1,258.34	1,263.08	-4.74	1,359.13	-0.38%	-7.42%

Table 2: Market Statistics

		This Week	Last Week	% Change
Mcap	Mn BDT	5,187,725	5,177,817	+0.2%
	Mn USD	55,513	55,407	
Turnover	Mn BDT	38,139	38,574	-1.1%
	Mn USD	408	413	
Average Daily Turnover	Mn BDT	7,628	7,715	-1.1%
	Mn USD	82	83	
Volume	Mn Shares	970	1,024	-5.2%

Figure 1: DSEX & Turnover in last four weeks



Research Associate

Fahim Hassan

(880) 1709636546

fahim.hassan@bracepl.com

Research Associate

Billal Hossain

(880) 1708805229

billal.hossain@bracepl.com

Table 3: Top Ten Gainers

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
INTRACO	31.3	25.0	+25.2%	3,075	1,329.7	30.0x	2.6x
ECABLES	178.9	143.6	+24.6%	4,723	164.6	NM	21.6x
ZAHEENSPIN	13.7	11.1	+23.4%	1,559	213.9	NM	2.4x
ROBI	35.7	30.1	+18.6%	186,994	1,060.1	NM	2.8x
DELTALIFE	148.0	125.2	+18.2%	18,315	878.6	NM	NM
PRIMETEX	39.9	33.9	+17.7%	1,524	355.3	12.4x	0.6x
KPCL	31.3	27.2	+15.1%	12,439	149.5	NM	1.5x
IPDC	60.5	52.7	+14.8%	22,451	1,085.6	25.0x	3.4x
SONALIPAPR	668.3	582.2	+14.8%	14,678	1,388.7	47.2x	2.7x
SHYAMPSUG	112.7	98.9	+14.0%	564	45.4	NM	NM

Table 4: Top Ten Losers

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
KTL	26.6	29.1	-8.6%	3,094	202.6	54.2x	1.6x
YPL	21.3	23.3	-8.6%	1,570	22.0	NM	1.9x
METROSPIN	25.6	27.7	-7.6%	1,579	174.5	18.1x	1.3x
SONARBAINS	52.3	55.9	-6.4%	2,094	13.4	25.8x	2.6x
CROWNCEMNT	73.3	78.1	-6.1%	10,885	5.1	37.2x	1.4x
BRACBANK	39.0	41.5	-6.0%	58,367	210.0	11.0x	1.1x
NAVANACNG	29.1	30.9	-5.8%	2,094	12.0	NM	0.9x
LRBDL	39.7	41.9	-5.3%	5,766	113.9	16.9x	1.1x
ALARABANK	24.3	25.6	-5.1%	25,877	9.5	11.1x	1.1x
ASIAPACINS	48.7	51.3	-5.1%	2,062	14.2	20.7x	2.1x

Table 5: Top Ten Most Traded Shares

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
BEXIMCO	131.8	129.8	+1.5%	115,499	2,507.3	8.0x	1.5x
SONALIPAPR	668.3	582.2	+14.8%	14,678	1,388.7	47.2x	2.7x
INTRACO	31.3	25.0	+25.2%	3,075	1,329.7	30.0x	2.6x
IPDC	60.5	52.7	+14.8%	22,451	1,085.6	25.0x	3.4x
FORTUNE	88.7	93.3	-4.9%	14,417	1,080.7	28.6x	5.9x
ROBI	35.7	30.1	+18.6%	186,994	1,060.1	NM	2.8x
FUWANGFOOD	26.5	25.0	+6.0%	2,937	920.2	NM	2.3x
TITASGAS	43.8	42.8	+2.3%	43,328	892.0	13.0x	0.6x
DELTALIFE	148.0	125.2	+18.2%	18,315	878.6	NM	NM
SPCERAMICS	49.7	51.8	-4.1%	7,304	857.1	NM	1.6x

Table 6: Most Appreciated YTD in BRAC EPL Universe

Company Name	Close*	YTD Δ%	Mcap**	PE	PB
IPDC	60.5	+56.7%	22,451	25.0x	3.4x
ADNTEL	66.4	+26.7%	4,293	25.7x	2.5x
SQUARETEXT	66.0	+26.4%	13,019	7.6x	1.5x
UNIQUEHRL	61.9	+23.3%	18,223	21.1x	0.6x
TITASGAS	43.8	+20.7%	43,328	13.0x	0.6x
CROWNCEMNT	73.3	+17.8%	10,885	37.2x	1.4x
SHASHADNIM	28.5	+16.3%	4,020	15.5x	0.7x
GHAIL	18.9	+14.5%	4,079	90.0x	1.3x
DOREENPWR	76.4	+12.7%	12,355	7.6x	1.5x
IBNSINA	290.0	+6.9%	9,061	16.2x	3.8x

*BDT
**BDT Mn

Table 7: Sector Indices

Sector Name	Week Close*	Week Open*	Year Open*	Δ% Week	Δ% YTD
Bank	1,444.9	1,468.1	1,589.69	-1.58%	-9.11%
NBFI	2,013.8	2,005.0	2,327.63	+0.44%	-13.48%
Mutual Fund	888.5	883.6	882.99	+0.56%	+0.63%
General Insurance	3,355.8	3,405.5	4,698.62	-1.46%	-28.58%
Life Insurance	2,356.1	2,309.6	2,687.55	+2.01%	-12.33%
Telecommunication	5,207.1	5,012.2	5,800.37	+3.89%	-10.23%
Pharmaceutical	3,758.1	3,785.2	3,866.63	-0.72%	-2.81%
Fuel & Power	1,828.5	1,818.9	1,792.97	+0.52%	+1.98%
Cement	2,484.7	2,428.2	2,534.76	+2.33%	-1.98%
Services & Real Estate	1,438.0	1,421.0	1,309.43	+1.20%	+9.82%
Engineering	4,694.6	4,726.2	4,727.46	-0.67%	-0.70%
Food & Allied	22,021.7	22,069.3	25,222.81	-0.22%	-12.69%
IT	2,701.0	2,651.3	3,274.61	+1.87%	-17.52%
Textile	1,617.8	1,601.2	1,470.60	+1.03%	+10.01%
Paper & Printing	7,998.4	7,686.4	9,680.03	+4.06%	-17.37%
Tannery	3,184.3	3,288.4	3,236.76	-3.16%	-1.62%
Jute	8,674.8	8,560.7	8,747.84	+1.33%	-0.84%
Ceramics	801.7	801.4	675.88	+0.04%	+18.62%
Miscellaneous	4,422.5	4,383.5	4,625.39	+0.89%	-4.39%

Table 8: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last Week	% Change	% of Total Turnover	PE	PB
Bank	273.7	386.1	-29.11%	+3.76%	7.9x	0.8x
NBFI	349.0	324.4	+7.59%	+4.79%	NM	3.6x
Mutual Fund	44.3	59.9	-26.18%	+0.61%	NM	0.8x
General Insurance	250.2	267.4	-6.43%	+3.43%	15.8x	1.6x
Life Insurance	275.8	134.8	+104.67%	+3.79%	NM	NM
Telecommunication	357.8	109.0	+228.35%	+4.91%	16.4x	4.5x
Pharmaceutical	601.7	811.8	-25.88%	+8.26%	17.4x	2.5x
Fuel & Power	699.8	422.9	+65.48%	+9.61%	11.9x	1.2x
Cement	126.7	113.7	+11.44%	+1.74%	25.4x	2.6x
Services & Real Estate	183.8	147.2	+24.84%	+2.52%	75.7x	1.0x
Engineering	604.7	859.5	-29.64%	+8.30%	19.1x	1.9x
Food & Allied	451.6	576.5	-21.66%	+6.20%	23.9x	9.1x
IT	369.3	230.0	+60.56%	+5.07%	28.1x	2.4x
Textile	971.6	1,193.4	-18.58%	+13.34%	26.2x	1.1x
Paper & Printing	342.4	120.6	+183.99%	+4.70%	NM	2.0x
Tannery	254.6	128.9	+97.54%	+3.50%	48.0x	3.3x
Jute	3.7	3.9	-5.29%	+0.05%	NM	28.2x
Ceramics	285.6	473.8	-39.72%	+3.92%	33.5x	2.1x
Miscellaneous	838.4	636.0	+31.83%	+11.51%	12.1x	2.1x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Company Name	Close*	YTD Δ%	Mcap**	PE	PB
PIONEERINS	78.7	-25.9%	6,664	11.1x	1.7x
HEIDELBCEM	206.0	-24.4%	11,640	NM	3.2x
BRACBANK	39.0	-24.2%	58,367	11.0x	1.1x
OLYMPIC	123.0	-23.4%	24,592	16.8x	2.7x
LANKABAFIN	28.7	-23.1%	15,465	12.0x	1.4x
BXPBARMA	154.3	-19.9%	68,835	12.0x	1.7x
GP	288.3	-17.5%	389,291	11.7x	6.7x
IDLC	48.0	-16.4%	19,954	9.5x	1.3x
RECKITT BEN	4,819.0	-15.9%	22,770	30.0x	21.9x
CONFIDCEM	102.8	-15.7%	8,043	11.6x	1.3x

Important News: Business & Economy

Banks to provide BDT4.33 Bn loans to tannery owners

- Banks will provide BDT4.33 Bn loans to tannery owners for purchasing rawhide after Eid-ul-Azha, the highest rawhide collection season in Bangladesh. Of these loans, four state-owned banks (Sonali, Janata, Agrani and Rupali) will provide BDT2.58 Bn, of which, Janata Bank Limited has set a target of providing the highest amount of BDT120 Bn.

<https://www.newagebd.net/article/175241/banks-to-provide-tk-433-crore-loans-to-tannery-owners>

Freight costs surge four times over long delay at private ICDs

- Private inland container depots (ICDs) have now been choked with a huge number of export goods mostly sent by readymade garment factories ahead of the Eid-ul-Azha holidays, causing truckers to wait in tailbacks for up to 10 days for unloading.
- That is why trucks, covered vans and prime movers are charging BDT50,000-BDT60,000 to carry export goods from Dhaka to ICDs in Chattogram. In normal times, a covered van completes an unloading of goods within 8-12 hours at an ICD, charging fares between BDT15,000 and BDT16,000, according to sources.

<https://www.tbsnews.net/economy/freight-costs-surge-four-times-over-long-delay-private-icds-454030>

125 firms to import 250,000 tonnes of rice

- The government has permitted 125 companies to import a total of 250,000 tonnes of rice in order to cool down the domestic market for the staple grain in Bangladesh. The firms have been asked to bring the rice – 204,000 tonnes of non-basmati boiled rice and 42,000 tonnes of non-boiled atap rice -- by August 17, according to a food ministry notice issued on Monday.

<https://www.thedailystar.net/business/economy/news/125-firms-import-25-lakh-tonnes-rice-3065916>

Call money rate hits 5.48% amid rising cash demand ahead of Eid

- The interbank call money rate on Wednesday surged to a record 5.48%, with banks rushing to collect liquid cash in the face of rising demand ahead of Eid-ul-Azha, according to the latest data from the Bangladesh Bank. The previous peak was recorded on 20 June 2020 when the rate stood at 5.17%. Industry insiders say growing liquidity crisis apart, the two consecutive rises in repurchase agreement (repo) rate also contributed to a big jump in the call money rate.

<https://www.tbsnews.net/economy/banking/call-money-rate-hits-548-amid-rising-cash-demand-ahead-eid-454454>

Bangladesh-Bhutan PTA gives duty-free market access to more products

- The preferential Trade Agreement (PTA) between Bangladesh and Bhutan that will give duty-free market access to more products from both the countries came into effect on 1 July. The agreement will provide duty-free access to 10 products from Bangladesh in addition to the already 90 existing products, Kuensel reports. Meanwhile, 16 more Bhutanese products would enjoy duty-free export to Bangladesh along with the existing 18 products.

<https://www.tbsnews.net/economy/bangladesh-bhutan-pta-gives-duty-free-market-access-more-products-453026>

LC margin on import of luxurious products raised further

- The Bangladesh Bank has tightened the country's imports further as the importers will have to maintain up to 100% margin against the import of luxurious and nonessential items, including Sedan car, sport utility vehicle and multi-purpose vehicle.

<https://www.newagebd.net/article/175190/lc-margin-on-import-of-luxurious-products-raised-further>

BPC looks for USD2 Bn as fuel stock depletes fast

- The Bangladesh Petroleum Corporation (BPC) has sought around USD2 Bn in foreign currency loan from the International Islamic Trade Finance Corporation (ITFC) amid a prolonged dollar crisis that is delaying its petroleum oil import, eventually fuelling the energy crisis in the country. The BPC spent USD967 Mn on importing 1.467 Mn tonnes of crude oil in FY22, while the amount was USD608 Mn for 1.5 Mn tonnes in the preceding fiscal year.
- The high import costs aggravated the dollar crisis in the local market, discouraging state-owned banks to open letters of credit (LCs) against petroleum imports. The BPC is still supplying oil to power producers as per their demand, but it is now in fear of running out of its stock soon if the delay in opening LC prolongs. The country has already been experiencing disruptions in power supply owing to gas shortage.

<https://www.tbsnews.net/bangladesh/energy/bpc-looks-2b-fuel-stock-depletes-fast-454462>

Cross-border data flow curbs may cut digital services exports by 29%-44%

- Bangladesh's ICT sector experienced an impressive growth over the past decade. It had an annual growth facilitated by CBDF, and the country's ICT export stood at about USD2.0 Bn in 2021. But The country's digital services exports (DSEs) might decline by 29%-44%, depending on the severity of cross-border data flow (CBDF) restrictions and retaliatory measures. As a result, Bangladesh's GDP would shrink by 0.6%-0.9%.

<https://today.thefinancialexpress.com.bd/last-page/cross-border-data-flow-curbs-may-cut-digital-services-exports-by-29-44pc-1657131176>

Default loans in leather sector jumps to BDT15.41 Bn

- At the end of March this year, the amount of defaulted loans in the leather sector stood at BDT15.41 crore, which is 12.57% of the total loans disbursed in this sector. People involved in this sector said the traders were not able to repay the loans as the leather sector hit a snag. The banks have been acting very cautious as many traders became defaulters due to various reasons including the use of leather loans in other sectors.

<https://www.tbsnews.net/economy/banking/default-loans-leather-sector-jumps-tk1541cr-454426>

Export shines, deficit widens too

- For the first time, Bangladesh's export earnings crossed USD52 Bn in the just-concluded fiscal 2021-22, but it seems far from holding the trade deficit from widening further as the volatile global commodity market continues to inflate import bills. A 15% drop in inward remittance year-on-year put overall balance of payment and the central bank's foreign reserve holdings in further stress.

<https://www.tbsnews.net/economy/export-shines-deficit-widens-too-452398>

BGMEA targets USD100 Bn RMG export by 2030

- The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has set a target of earning USD100 Bn through RMG export by 2030, based on diversified and value-added items. Bangladesh fetched USD42.62 Bn from RMG export in the just-concluded fiscal year, 2021-22, which is over 81% of the country's total export earnings of USD52.08 Bn.
- By the period (2030), the RMG sector is also expected to create employment for a total of 6Mn people, ensuring 100% gender equality along with inclusive and decent workplace.

<https://today.thefinancialexpress.com.bd/last-page/bgmea-targets-100b-rmg-export-by-2030-1657045782>

BD commercial debts swell to nearly USD25 Bn

- Commercial borrowings under the private sector increased significantly by USD6.3 Bn to nearly USD25 Bn during the nine-month period of the immediate-past fiscal year. Of the commercial borrowings, buyer's credit has increased rapidly, to USD9.6 Bn, up by nearly USD4 Bn, to March. This is followed by foreign back-to-back LC amounting to over USD1.2 Bn or up by USD263 Mn during the nine months ending June last.

<https://today.thefinancialexpress.com.bd/first-page/bd-commercial-debts-swell-to-nearly-25b-1657045486>

China-led trade bloc holds promise, with some caveats

- Imagine the rewards of unfettered access to 2.5 Bn people, 15 countries and a USD12,700 Bn market. That is what the China-led Regional Comprehensive Economic Partnership (RCEP), the largest economic bloc in the world, has to offer. The Bangladesh Trade and Tariff Commission (BTTC) recommended Bangladesh join the bloc, its wording regarding the accession had some warnings embedded.
- The BTTC said, "The government may express its positive stand regarding the accession of Bangladesh to RCEP considering all the issues, concerns and keeping in view the issue-wise stakeholder consultation and recognizing that domestic rule and regulations may require to be changed in some cases, if situation arises.

<https://www.tbsnews.net/economy/china-led-trade-bloc-holds-promise-some-caveats-453714>

BEZA to expedite development of planned EZs in SW region

- Bangladesh Economic Zones Authority (BEZA) is expecting to expedite development of the planned industrial parks in the country's south-western (SW) region as investors are showing increased interest in the areas, thanks to enhanced connectivity established after opening of the Padma Bridge, officials said.
- As per data available, 17 EZs will be established across the whole region, while implementation of Mongla EZ (MEZ) has already marked a significant progress with the construction works. The MEZ is being developed on 205 acres of land in Bagerhat, near the Mongla port.

<https://today.thefinancialexpress.com.bd/metro-news/beza-to-expedite-development-of-planned-ezs-in-sw-region-1656956671>

Consumers feel the pinch as power outage rises

- Gas-supply shortage has forced the power plants to cut generation substantially, prompting the electricity-distribution companies to go for countrywide load-shedding at an increased rate. According to data from the Bangladesh Power Development Board (BPDB), the country had to resort to 1,500 MW of load-shedding on Sunday while there was a forecast for a power-cut of 1,273 MW, reports UNB.
- The official data shows the country's highest power generation was recorded at 12,115 MW on Sunday evening against a demand for 13,615 MW, meaning a 1,500 MW gap between the peak demand and supply.

<https://today.thefinancialexpress.com.bd/last-page/consumers-feel-the-pinch-as-power-outage-rises-1656957264>

Exporters seek faster raw material delivery through green channel

- The Apparel exporters seek faster delivery of imported raw materials through coordination between customs and port authorities, as they eye business bonanza in global market rebound. Issuing "self-clearance licence" to the exporters by the revenue board is demanded as a main mechanism for faster trade transactions to catch up with market demand.
- Such self-clearing would allow them to take quick delivery of raw-material imports from the ports, thus enabling them to operate to set lead time, according to a statement issued Monday by the apparel-sector apex body after a meeting with the NBR chief.

<https://today.thefinancialexpress.com.bd/last-page/exporters-seek-faster-raw-material-delivery-through-green-channel-1656957354>

BB slaps 100% LC margin to discourage imports of cars, electronics among other items

- Inflow The Bangladesh Bank (BB) has imposed a 100% cash margin when opening letters of credit (LC) on cars (sedans, SUVs, MPVs), electronics, gold, precious metals, RMG, and pearls, among other items to discourage imports in a bid to keep the country's currency and debt management more integrated and stable.
- According to the circular, the decision comes against the backdrop of the long-term negative effects of Covid-19 and more recently the Russia-Ukraine War, which led to a more unstable global economy already rocked by the pandemic.

<https://www.tbsnews.net/economy/banking/bb-slaps-100-lc-margin-discourage-imports-cars-electronics-among-other-items-452990>

Reduced vat facility for edible oil extended till September

- The government has reduced the Value Added Tax (VAT) on edible oil imports and increased the benefits of VAT exemption on local production and sales by three more months. The Internal Resources Division of the Ministry of Finance announced the extension in a statutory regulatory order (SRO) issued on Monday.

<https://www.tbsnews.net/nbr/reduced-vat-facility-edible-oil-extended-till-september-452934>

Trade deficit hits historic high

- The Bangladesh's trade deficit hit a historic high of \$30.81 billion in the first 11 months of the 2021-22 fiscal year, intensifying the pressure on the macroeconomic zone. The country has been facing the higher trade deficit in recent months due to the escalation of imports against lower exports.

<https://www.thedailystar.net/business/economy/news/trade-deficit-hits-historic-high-3064141>

Home textiles, agri and leather emerge with major export potentials

- Home textiles, agricultural products and leather and leather goods are gradually emerging to be export potential sectors, say industry leaders. Jute and jute goods saw about 3% negative growth due to price hike of raw materials in the previous FY.
- EPB data shows, the home textile sector saw a 43.28% growth to USD1.62 Bn year-on-year while leather and leather goods earned USD1.24 Bn with 32.23% growth in the last fiscal. Agricultural products recorded USD1.16 Bn with 13.04% growth, while the earnings were USD1.02 Bn in FY21.

<https://www.tbsnews.net/economy/home-textiles-agri-and-leather-emerge-major-export-potentials-452386>

Fresh belt-tightening to save govt BDT320 Bn

- The government has shelved all vehicle purchases and cut back on hospitality and travel costs, in a fresh round of belt-tightening announced on Sunday to save around BDT320 BDT in FY2022-23. The measure has also slashed budget for stationery and furniture and cancelled the honorarium for evaluation committee members for development works as a fresh round of austerity measures.

<https://www.tbsnews.net/economy/fresh-belt-tightening-save-govt-tk32000cr-452394>

Remittance drops by USD3.75 Bn in FY22

- Inflow of remittance dropped by 17.81% or USD3.75 Bn in the immediate past FY22 amid a widening gap in exchange rates in the formal channel and the kerb market. In FY22, the inflow dropped to USD21.03 Bn from USD24.78 Bn in the previous FY21, the Bangladesh Bank data released on Sunday showed. Though the official exchange rate of USD rose by around 10% in the current FY, the difference between the kerb market and the official rate is still about BDT 5.

<https://www.newagebd.net/article/174992/remittance-drops-by-375b-in-fy22>

No ceiling on remittance thru internet banking

- Bangladesh Bank yesterday said the ceiling on fund transfers through internet banking would not be applicable for remittance. Clients are allowed to transfer a maximum of BDT1 Mn per day through internet banking. Bangladesh Bank significantly increased the transaction ceiling in June last year as a part of its efforts to boost digital banking.

<https://www.thedailystar.net/business/economy/news/no-ceiling-remittance-thru-internet-banking-3063076>

Lanka seeks BD's support to ship 'emergency' liquid chlorine

- Sri Lanka has sought assistance from Bangladesh to facilitate emergency shipment of liquid chlorine from the Chittagong port as reserves of the water-purification chemical are almost exhausted in the crisis-hit neighbouring country.

<https://today.thefinancialexpress.com.bd/last-page/lanka-seeks-bds-support-to-ship-emergency-liquid-chlorine-1656871514>

BDT 9.79 Bn earned from bond facility

- Chattogram Customs Bond Commissionerate (CCBC) earned BDT 9.79 Bn in revenue in the fiscal year of 2021-22 against the target of BDT 9.51 Bn on the back of heightened surveillance over bond facility misuse. The revenue collection has exceeded the target by BDT 280 Mn, a year-on-year growth of 22.22%.

<https://www.tbsnews.net/economy/tk979cr-earned-bond-facility-451626>

Trade deficit projected at USD 33 Bn in FY22

- Bangladesh's trade deficit is projected to be USD 33 Bn in the just-concluded fiscal year as export earnings and remittances continue to fall below the overall import cost, said Bangladesh Bank in its monetary policy for the next fiscal year. The trade deficit is expected to increase further to USD 36.7 Bn in FY23, beginning today.

<https://www.thedailystar.net/business/economy/news/trade-deficit-projected-33b-fy22-3060866>

Export growth to slow in FY23: BB

- Bangladesh's export growth may witness a slowdown in the next fiscal year, said the central bank in its monetary policy. The projection comes as export grew 34% year-on-year to USD 47.17 Bn in the July-May period of the just-concluded fiscal year. The export growth is likely to remain low because of weak external demand.

<https://www.thedailystar.net/business/economy/news/export-growth-slow-fy23-bb-3060876>

Relaxed loan rescheduling for rawhide traders

- Bangladesh Bank has relaxed loan rescheduling rules for rawhide traders to ensure availability of sufficient funds during Eid-ul-Azha. A BB notice on Thursday said the rescheduling can be availed through a 2 per cent down payment on outstanding loans and the facility can be availed until August 31.

<https://www.thedailystar.net/business/economy/news/relaxed-loan-rescheduling-rawhide-traders-3062316>

Operating profits of 14 private banks up in H1

- A total of 14 private commercial banks (PCBs) in Bangladesh showed increased operating profits during six months to this past June, mainly banking on the country's booming foreign-trade activities, bankers say. Higher foreign trade, covering export and import, helped the banks to earn more as operating profit during the period under review, the senior bankers explained.
- The un-audited operating profit, however, does not reflect the actual financial position of the banks as they have to set aside funds for provisioning bad debts and paying taxes.

<https://today.thefinancialexpress.com.bd/first-page/operating-profits-of-14-private-banks-up-in-h1-1656782766>

Cotton price drop may lift garment orders

- Local readymade garment exporters are expecting a strong rebound of the inflow of work orders from December onwards as prices of cotton have started to decline in the international markets. With the price of yarn also falling in local markets, local suppliers are hoping to supply goods at competitive prices.
- On June 28, cotton traded between 92 cents and USD1.09 per pound in futures markets. In contrast, it was between USD1.31 and USD1.32 last month. The high market prices of cotton and yarn, which has an impact on the cost of production at the factory level, had earlier prompted many international retailers to put on hold a big portion of their work orders.

<https://www.thedailystar.net/business/economy/news/cotton-price-drop-may-lift-garment-orders-3062321>

Mobile internet users hit hard by VAT hike

- The burden of value-added tax (VAT) on mobile internet users is getting heavier as operators have started charging 15% VAT on data service from 1 July, the beginning of the new fiscal, instead of 5%.
- Provision has been made in the Finance Act for the current financial year to cancel the VAT rebate or adjustment at a proportional rate. This means that even if there is a fair adjustment scope, VAT rebates will be revoked according to the type of service and the overall availability of rebates will be limited. This will result in a much higher effective VAT rate for the mobile network operators.

<https://www.tbsnews.net/bangladesh/telecom/mobile-internet-users-hit-hard-vat-hike-451718>

Important News: Capital Market

BSEC okays Chartered Life Insurance IPO

- The stock market regulator has approved the initial public offering (IPO) proposal of Chartered Life Insurance Company which will raise a capital worth BDT 150 Mn under the fixed price method. As per the BSEC approval, Chartered Life Insurance Company will offload 15 Mn ordinary shares at an offer price of Tk 10 each under the fixed price method.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-okays-chartered-life-insurance-ipo-1657128640>

ADN Telecom to invest in fire safety business

- To diversify its business, publicly-listed ADN Telecom Limited is going to acquire a 60% stake worth Tk2 crore at SOS Developments Limited – a private limited company that provides fire safety services. ADN Telecom will finance the investment with its own funds, the company said in its filing on the websites of the stock exchanges on Tuesday.

<https://www.tbsnews.net/economy/stocks/adn-telecom-invest-fire-safety-business-453718>

eGeneration wins SAP Bangladesh Partner of the Year 2021 Award

- eGeneration, only Gold partner of SAP in the country, has been awarded the "Bangladesh Partner of the Year 2021" by SAP at the SAP Partner Success Summit 2022 held on Tuesday in Goa, India.
- The award was given in recognition of eGeneration's remarkable efforts in helping customers innovate and build resilience together with understanding customer needs and leveraging the best run SAP solutions to exceed their expectations.

<https://today.thefinancialexpress.com.bd/stock-corporate/egeneration-wins-sap-bangladesh-partner-of-the-year-2021-award-1657128797>

ONE Bank signed agreement with ShareTrip

- ONE Bank Limited signed an agreement with ShareTrip Limited recently. Under the agreement, both parties will work together to facilitate customers to purchase air ticket and book hotels conveniently.

<https://today.thefinancialexpress.com.bd/trade-market/one-bank-signed-agreement-with-sharetrip-1657128456>

RN Spinning fined for the undocumented transaction of BDT 1860 Mn

- The stock market regulator has fined RN Spinning Mills – a concern of Far Group – for not providing supporting documents of the BDT 1830 Mn transaction mentioned in their financial statement and for misusing their rights share fund.

<https://www.tbsnews.net/economy/stocks/rn-spinning-fined-undocumented-transaction-tk186cr-454366>

Free services, related cost hold back Sonali Bank

- Sonali Bank Ltd incurred a cumulative loss of BDT182.53 Bn in the last 13 years as the state-owned bank has to provide services free of charge or at low cost. In 2021, the bank's loss was BDT26.70 Bn, its management said in a recent response to queries by the Ministry of Finance (MoF) about the losses the bank counts in providing services to people on behalf of the government.

<https://today.thefinancialexpress.com.bd/last-page/free-services-related-cost-hold-back-sonali-bank-1657045671>

Stocks rebound, GP gains after three-day plunge

- GP shares price plunged in the past three days as the telecom regulator banned it from selling new SIMs due to failure to provide quality service. But Grameenphone (GP), the largest market-cap listed company's share price surged by 3.01% on Tuesday after losing around 6% in the past three days.

<https://today.thefinancialexpress.com.bd/stock-corporate/stocks-rebound-gp-gains-after-three-day-plunge-1657043315>

IFC to invest USD 50 Mn in Brac Bank's housing bond

- The International Finance Corporation (IFC), an arm of the World Bank Group, will invest up to USD 50 Mn or around BDT 4700 Mn in the country's first-ever housing bond that will be issued by Brac Bank.

<https://www.tbsnews.net/economy/stocks/ifc-invest-50m-brac-banks-housing-bond-452914>

Intraco Refuelling to issue BDT 500 million bond

- Intraco Refueling Station Ltd (IRSL) has decided to issue convertible bonds worth Tk 500 million for business expansion. The company has decided to hold an EGM on August 23 at 11:30am through a digital platform to seek shareholders' approval. The record date for the EGM is set on July 27.

<https://today.thefinancialexpress.com.bd/stock-corporate/intraco-refuelling-to-issue-tk-500-million-bond-1656953524>

Eastern Cables signs USD 4.2 Mn deal with China corporation

- The state-run listed company Eastern Cables Ltd (ECL) signed a USD 4.2 Mn deemed export agreement with a leading Chinese corporation on Monday. Under the deal signed at the Bangladesh Steel and Engineering Corporation (BSEC), the cable-maker will supply 4,000 KM AAC WASP Conductor to China National Technical Import and Export Corporation (CNTIEC).

<https://today.thefinancialexpress.com.bd/trade-market/eastern-cables-signs-42m-deal-with-china-corporation-1656950929>

BSCCL to add 3800 GBPS by next year

- Bangladesh Submarine Cable Company (BSCCL), the state-run listed company, is going to invest USD3.2 Mn to upgrade the capacity of its first submarine cable by more than four times. The total bandwidth capacity of SEA-ME-WE 4 of the company will be 4,600 GBPS after successful completion of the upgradation process, according to the filing.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsccl-to-add-3800-gbps-by-next-year-1656868111>

REL secures USD23 Mn in loans from UK

- RFL Electronics Ltd (REL) has secured a USD23 Mn credit facility from Britain's development finance institution to expand its capacity to manufacture electronic home appliances, reports bdnews24.com.
- REL, a unit of the PRAN-RFL group, hopes to increase its refrigerator manufacturing capacity and assembly line of small appliances such as rice cookers and blenders with the funds. It will also help create at least 600 jobs, 40% of which are expected to be semi-skilled workers, according to the company.

<https://today.thefinancialexpress.com.bd/trade-market/rel-secures-23m-in-loans-from-uk-1656867883>

City Bank avails USD 45 Mn syndicated loan from Bank Muscat

- The City Bank has successfully closed a USD 45 Mn syndicated loan, which was arranged by Bank Muscat, the leading financial services provider in the Sultanate of Oman.
- With the world still recovering from the pandemic and economies impacted heavily by the current geo-political tension, this loan facility will provide crucial support to City Bank's foreign currency liquidity.

<https://today.thefinancialexpress.com.bd/stock-corporate/city-bank-avails-usd-45m-syndicated-loan-from-bank-muscat-1656776537>

Navana Pharma's IPO share bidding begins tomorrow

- The bidding for eligible investors (EIs) to explore the cut-off price of IPO shares of Navana Pharmaceuticals will begin tomorrow (Monday), aiming to raise BDT 750 Mn under the book-building method. The minimum bidding value shall be BDT 2.0 Mn which is in accordance with the consent letter to Navana Pharmaceuticals dated on June 19, said the disclosure.

<https://today.thefinancialexpress.com.bd/stock-corporate/navana-pharmas-ipo-share-bidding-begins-tomorrow-1656776842>

Foreign investments on DSE shrink to BDT 99.76 Bn

- The total foreign investments in the Dhaka Stock Exchange have dropped to BDT 99.76 Bn, which is 2.19% of the total market capitalisation of the bourse, as the foreign investors have withdrawn around BDT 70.0 Bn crore from the market since 2018. The overseas investors withdrew BDT 26.48 Bn in 2021, while they sold around BDT 7.0 Bn in the past five months ended in May'22.

<https://www.newagebd.net/article/174916/foreign-investments-on-dse-shrink-to-tk-9976-crore>

Raising capital through IPO drops 57% in FY22

- Raising capital from the stock market through initial public offerings (IPOs) fell by 57% YoY in FY22. Meanwhile, collecting funds by issuing bonds increased significantly in the last fiscal as the stock market regulator approved a large number of bonds to mobilise the bond market and reduce the capital market's dependence on equity.
- Sources at the Bangladesh Securities and Exchange Commission (BSEC) said the stakeholders informally requested the securities regulator to lower the number of new IPOs as the market was on a downtrend last year. Eight companies got listed on the stock market in FY22 and raised BDT 6.99 Bn through IPOs, while 16 newly listed companies raised BDT 16.11 Bn through IPOs in FY21

<https://www.tbsnews.net/economy/stocks/raising-capital-through-ipo-drops-57-fy22-450678>

Parkway Packaging to raise BDT 300 Mn from capital market

- Parkway Packaging and Printing PLC, a concern of DBL Group, would like to raise BDT 300 Mn by issuing shares at a face value of BDT 10 each under the initial public offering (IPO). The company, on Thursday, signed the merchant bank AAA Finance and Investment Limited as the issue manager for its IPO.

<https://www.tbsnews.net/economy/stocks/parkway-packaging-raise-tk30cr-capital-market-450610>

Islami among top 10 banks in BB sustainability rating

- Islami Bank Bangladesh has been listed as one of top 10 banks in sustainability ratings for 2020 and 2021 of the Bangladesh Bank. The rating is based on four factors -- sustainable finance, green refinance, corporate social responsibility and core banking sustainability.

<https://www.thedailystar.net/business/organisation-news/news/islami-among-top-10-banks-bb-sustainability-rating-3062226>

IMPORTANT DISCLOSURES

Analyst Certification: Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

Disclaimer: Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above-mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

Compensation of Analysts: The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

General Risk Factors: BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published, or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment.

BRAC EPL Stock Brokerage Limited

Research

Salim Afzal Shawon, CFA	Head of Research	salim@bracepl.com	01708 805 221
Anika Mafiz	Research Analyst	anika.mafiz@bracepl.com	01708 805 206
Fahim Hassan	Research Associate	fahim.hassan@bracepl.com	01709 636 546
Billal Hossain	Research Associate	billal.hossain@bracepl.com	01708 805 229
Md. Tanvir Ahmed	Research Associate	mtanvir.ahmed@bracepl.com	01708 805 201

International Trade and Sales

Ahsanur Rahman Bappi	CEO	bappi@bracepl.com	01730 357 991
----------------------	-----	--	---------------

BRAC EPL Research

www.bracepl.com

Symphony, Plot No.: S.E.(F) – 9(3rd Floor), Road No.: 142

Gulshan Avenue, Dhaka – 1212

Phone: + (880)-2-9852446-50

Fax: + (880)-2-9852451-52

E-Mail: research@bracepl.com