

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.

Surplus liquidity starts rising again in April

- Surplus liquidity in the country's banking sector, which began to decline from January this year, began rising again in April owing to the second wave of the Covid-19 pandemic. At the end of April this year, excess liquidity in the banking sector stood at BDT 2.01 trillion, up from BDT 1.98 trillion a month ago. Of the total, BDT 900.38 billion was excess liquidity in the state-run banks, BDT 899.55 billion in the private banks, and the remaining BDT 215.53 billion in foreign banks. The surplus fund, rose 78.35% in April compared to the same month a year ago, when the amount stood at BDT 1.13 trillion.
- The demand for credit among businesses is still depressed owing to the second wave of the Covid-19 pandemic, which is one of the reasons for the increasing trend of excess liquidity, said bankers. The increasing trend of remittance has also boosted the surplus liquidity in the banking sector, they added. The amount of excess liquidity in the banking sector rose every month last year due to lower credit demand and the expansionary monetary policy announced by the central bank. The central bank is also injecting funds into the financial sector with stimulus packages.
- In July last year, to steer the economy away from a steep downturn, the Bangladesh Bank rolled out a vastly expansionary monetary policy for the 2020-21 fiscal year. The central bank in February this year decided that the monetary policy would continue during the second half of this fiscal year as well.

<https://www.dhakatribune.com/business/2021/06/02/surplus-liquidity-starts-rising-again-in-april>

Bangladesh's unemployment rate rises to 5.3%: ILO

- The unemployment rate in Bangladesh increased by 1.1% points in 2020 due to the labour market crisis created by the Covid pandemic, according to an International Labour Organisation report. The ILO report titled 'World Employment and Social Outlook: Trends 2021' published on Wednesday showed that Bangladesh's unemployment rate in 2020 increased to 5.3% from 4.2% in 2019. It showed that the global unemployment rate in 2020 increased to 6.5% from 5.4% in 2019. It showed that the global unemployment rate in 2020 increased to 6.5% from 5.4% in 2019.
- The unemployment rate in India in 2020 increased by 2.2% points to 7.1%, the ILO report said. It also showed that the unemployment rate in Pakistan, Nepal and Bhutan increased by 0.7% points, 1.3% points and 1.4% points respectively in the year. The labour market crisis created by the Covid pandemic is far from over, and employment growth will be insufficient to make up for the losses suffered until at least 2023, the ILO assessed.

<http://www.newagebd.net/article/139530/bangladeshs-unemployment-rate-rises-to-53pc-ilo>

Bank borrowing target set at BDT 760 billion for FY'22

- The government is likely to set its borrowing target from the banking system at over BDT 760 billion to finance the budget deficit in the next fiscal year (FY), officials said. The bank borrowing for the FY2021-22 would be 7.0-plus% less than the revised target of BDT 820 billion for the outgoing FY2020-21. A senior official familiar with the government debt management activities said that the development partners like the World Bank and Asian Development Bank (ADB) would provide more resources to help expedite recovery of the pandemic-hit economy.
- He said the ministry of finance would mobilise around 65% of the borrowing target through issuing long-term Bangladesh Government Treasury Bonds (BGTBs), generally known as bonds, while the rest 35% by issuing treasury bills (T-bills). A senior official of the Bangladesh Bank (BB) said the government borrowed around BDT 300 billion through issuing T-bills and bonds from the country's scheduled banks during the July-May period of FY '21 against its revised annual target of BDT 820 billion.

<https://today.thefinancialexpress.com.bd/first-page/bank-borrowing-target-set-at-BDT-760b-for-fy22-1622656636>

Bangladesh's debt servicing on rise

- Bangladesh's debt servicing to overseas lenders is rising year-on-year, as the government opts for higher hard-term borrowing in recent years. The debt servicing against different medium- to long-term loans (MLTLs) from the external development partners gone up by over 79% in last nine years. According to the Economic Relations Division (ERD), the government repaid USD 1.73 billion loans as principal and interest in last fiscal year (FY), 2019-20, which was 79.41% higher than that of USD 966.5 million in FY 2012.
- Of the USD 1.73 billion repayment, USD 477.4 million was interest and USD 1.25 billion was principal amount of the

outstanding loans. The loan repayment is still showing a higher trend, as the government repaid USD 1.60 billion worth of interest and principal during July-April period of the current fiscal against the total outstanding loans. Among the USD 1.60 billion repayment, USD 427.37 million was interest and USD 1.17 billion was principal amount of the loans, the ERD data showed. Analysts and officials said that the government in recent years opted for higher borrowing, including some non-concessional and hard-term loans from foreign lenders, resulting in higher repayments.

<https://today.thefinancialexpress.com.bd/last-page/bangladeshs-debt-servicing-on-rise-1622657121>

Default loans increased by over BDT 50.00 billion in Jan-Mar

- Borrowers do not have much pressure on them at present to pay loan instalments as they are enjoying an eased repayment facility on the basis of bank-customer relationships. Even then, the amount of defaulted loans in the country's banking sector increased by more than BDT 50.00 billion in three months from January to March this year. At the end of March, total default loans stood at BDT 940.00 billion or 8.02% of the total outstanding loans, up from BDT 887.34 billion or 7.66% of the total outstanding loans, according to sources at the Bangladesh Bank.
- Explaining the reason behind the increase in defaulted loans, a senior official of the central bank said that despite relief in paying instalments, many good clients could not repay loans due to Covid-19, which caused the slight increase in the default loans. Because of the pandemic, repayment terms were relaxed for all types of borrowers all through last year. This year, the facility has been on offer till June for some specific sectors that too on the basis of bank-customer relationships, as per directives from the Bangladesh Bank. In other words, if a bank thinks that a client has truly faced losses and has a good track record of repaying loans, only then the borrower will get the facility not to pay installments.
- The chairman of the Association of Bankers Bangladesh (ABB) and managing director of Eastern Bank said that bankers are worried about the future situation when installments will have to be paid regularly. Businesses are in a downturn now because of Covid-19. So, the next challenge for banks is how much their customers will be able to repay loans or how the banks will recover loans from their clients.

<https://www.tbsnews.net/economy/banking/default-loans-increase-over-BDT-5000cr-jan-mar-254923>

Corporate tax on MFS set to go up

- The government is likely to hike corporate tax of mobile financial services (MFS) up to 40% from the existing 32.5%. The MFS providers are going to face such a high tax in line with banks, insurance companies and other financial organisations, sources said. But those listed on stock exchanges may get a 2.5% exemption, according to finance ministry top officials. The government may also impose a 15% corporate tax on incomes of private universities, medical, dental, engineering colleges and ICT institutes.
- The tax will be imposed on the MFS providers' high profits. Currently, they are charging customers BDT 2 for each BDT 100 transaction, which is unjust, a former central bank governor said. However, a sociologist and researcher who has been in the MFS sector since the inception of its journey, said hiking the corporate tax will not be a good policy decision at this time because it will directly affect poor people who mainly use MFS for small transactions and pay VAT and income tax with each transaction. He suggested that the authorities reduce transaction charges instead.

<https://www.tbsnews.net/economy/corporate-tax-mfs-set-go-254941>

BSEC rules on debt securities gazette

- A gazette notification has been published on the rules earlier framed for issuance of debt securities through private offer or public issue. The rules styled 'The Bangladesh Securities and Exchange Commission (Debt Securities) Rules-2021' will come into force with immediate effect. The rules will be applicable to the issuance of all types of debt securities, sukuk, asset-backed securities and others through public issue or private offer as decided by the commission from time to time.
- The rules also paved the way for issuing blue bond for raising funds for investments in such a project or company or organisation that is engaged in marine or ocean or sea or coast-based activities or business related to blue economy or climate or environmental impact in addition to financial returns.

<https://today.thefinancialexpress.com.bd/last-page/bsec-rules-on-debt-securities-gazetted-1622657478>

Locals' protests halt BSRM rod production in Chattogram

- Production at BSRM has been severely hampered as local people at Mirsharai of Chattogram are not allowing transports with raw materials to enter its factories, blaming the country's leading iron rod manufacturer for the depletion of underground water in the area. Production at one of the two billet production plants, which has a capacity of 3,000 tonnes, has stopped since Wednesday morning due to the raw material crisis. Another 1,500-tonne capacity plant is

also at risk of halting production. On 30 May, locals held protests alleging that the groundwater level was falling due to water being pumped into factories from deep tube wells.

- BSRM's factories in Sonapahar require about 5,000 tonnes of scrap raw material per day to produce billets which are used to manufacture rods. This is disrupting rod production at BSRM factories. As a result, supply of rods to different ongoing mega projects like the Padma Bridge, Padma Rail Link, the Karnaphuli Tunnel and the Rooppur Nuclear Power Plant may be disrupted. The company said if this continues, rod production at other factories outside Mirsharai will be completely stopped in the next two or three days.

<https://www.tbsnews.net/dropped/industry/locals-protests-halt-bsrm-rod-production-ctg-254929>

Energypac, MPWRNRGY to set up solar park, generate renewable energy

- Energypac Eletronics Limited has recently signed a Joint Development Agreement (JDA) with MPWRNRGY Pte. Ltd. (Singapore) to co-develop solar power plants in Bangladesh. The agreement aims to aid in Bangladesh's vision to generate clean energy and achieve the targeted Sustainable Development Goals (SDGs). The proposed utility scale solar PV plants will generate electricity, converting energy from the sun which is considered unlimited and is free from emissions, unlike fossil fuels that are limited and release carbon dioxide (CO₂) in the atmosphere causing the Earth to retain more heat and resulting in climate change.

- These solar plants will provide electricity to the national grid through long-term power purchase agreement (PPA) or existing net metering system approved by Bangladesh government. The agreement aims to combine the strengths of Energypac Electronics' local presence as an experienced player in electrical solutions and MPWRNRGY's experience in developing and executing large-scale solar power projects.

<https://www.dhakatribune.com/business/2021/06/02/energypac-mpwrnrgy-to-set-up-solar-park-generate-renewable-energy>

Orion Pharma's power subsidiaries seek extension

- Orion Pharma Ltd has informed its shareholders that its two power generation subsidiaries are looking for contract renewal with the government. The contract of one of the plants has already expired in May and the other will follow in July this year. In a stock exchange disclosure on Wednesday, the listed drugmaker said, Orion Power Meghnaghat Ltd's power purchasing agreement (PPA) with the Bangladesh Power Development Board (BPDB) to supply electricity to the national grid has expired in May. The other plant built, owned and operated by Orion Pharma's subsidiary Dutch Bangla Power & Associates Ltd will see its PPA expire in July. Both the heavy fuel oil-based 100MW quick rental power plants came into operation a decade ago. The companies applied to the government for contract extension for another five years.

<https://www.tbsnews.net/economy/corporates/orion-pharmas-power-subsiidiaries-seeK-extension-254893>

Global Islami Bank to go public for BDT 4.25 billion

- Global Islami Bank Ltd is planning to raise BDT 4.25 billion from the stock market through an initial public offering (IPO). The bank has recently signed an agreement with Prime Bank Investment and LankaBangla Investments to make them the issue managers for its upcoming IPO, read a press statement. Global Islami Bank initially began its journey with the name NRB Global Bank in 2013, but later changed its name as it embraced Shariah-compliant banking. Its officials said that the bank is set to submit the IPO application before the Bangladesh Securities and Exchange Commission this year.

https://www.tbsnews.net/economy/banking/global-islami-bank-go-public-BDT_425cr-254896

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$69.23	\$20.71	42.68%
Crude Oil (Brent)*	\$71.75	\$19.95	38.51%
Gold Spot*	\$1,906.72	\$11.62	0.61%
DSEX	6,019.00	616.93	11.42%
S&P 500	4,208.12	452.05	12.04%
FTSE 100	7,108.00	647.48	10.02%
BSE SENSEX	51,849.48	4,098.15	8.58%
KSE-100	48,126.90	4,371.52	9.99%
CSEALL	7,436.55	662.33	9.78%

Exchange Rates

USD 1 = BDT 84.71*
GBP 1 = BDT 120.05*
EUR 1 = BDT 103.40*
INR 1 = BDT 1.16*

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

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