

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.

Cut in corporate tax rate likely

- Corporate taxpayers might see a cut in their tax rates in the upcoming fiscal year (FY), 2021-22, while individual's tax rates and tax-free ceiling might remain unchanged. Officials said the corporate tax rates for both listed and non-listed companies might be revised downward by 2.5 percentage points in FY 22. This is likely to be done in meeting the demand from the businesses to attract foreign and local investment. The tax rate for the non-listed companies might be set at 30%, while it might be 22.5% for the listed ones, they added. However, corporate tax rates for financial institutions, such as banks and non-banking financial institutions, mobile phone operators and tobacco companies might remain unchanged.

- The corporate tax rates in Bangladesh range between 32.5% and 45%, while the average rate of the tax is 25.2% in India, 29% in Pakistan, 28% in Sri Lanka, and 20% in Vietnam, Indonesia and Myanmar. Officials said the government is considering slashing the corporate tax rates to help the businesses survive the onslaught of the pandemic, although the decision might cause loss of a significant amount of revenue for the government.

<https://today.thefinancialexpress.com.bd/first-page/cut-in-corporate-tax-rate-likely-1621447538>
<https://www.thedailystar.net/business/news/tax-free-income-limit-may-remain-the-same-2095317>
<https://www.tbsnews.net/economy/corporate-tax-be-slashed-250-basis-points-247618>

Excess liquidity: BB wants rise in savings tools rates

- The Bangladesh Bank is now pursuing the government to raise interest rates of savings certificates to discourage depositors from parking their money in the banking system as banks are now burdened with excess liquidity. Excess liquidity – pushed up through policy relaxation and pumping of fresh money into the banking system in the pandemic year by the Bangladesh Bank – has now turned into a problem for banks with both lending and deposit rates having come down to a low level that is starting to hurt core banking business and depositors. The central bank has already informed the government of the current excess liquidity problem along with recommendations for raising interest rates of savings certificates and simplifying investment conditions for small depositors.

- Currently, the highest interest rate of savings certificates is 11.5% when interest rates on deposits came down to 3% to 4% because of liquidity surplus. The total excess liquidity in the banking sector stood at BDT 1.98 trillion at the end of March this year. The excess liquidity had crossed BDT 2 trillion in December last year, the highest in recent history. The high inflow of remittance during the pandemic was one of the major reasons for an escalation of excess liquidity. Remitters are fueling bank deposits amid limited spending and investment options during this crisis period.

- The foreign exchange reserve stood at over USD 44 billion in May, thanks to a good inflow of remittances. The high reserve supplies more liquidity to the market as the Bangladesh Bank purchases dollars from banks injecting more money into the market. Even with a negative return amid a low deposit rate, the banking sector saw a 13% year-on-year growth in January this year, according to Bangladesh Bank data.

<https://www.tbsnews.net/economy/banking/excess-liquidity-bb-wants-rise-savings-tools-rates-248071>

Sales of savings tools set to be double the target

- Net sales of national saving certificates have already crossed this fiscal year's target and are now set to be double the annual target. The shrinking bank interest rate on deposits is driving the savers to the government's savings instruments – at a time when people are struggling to earn enough to pay for basic needs such as food and housing due to the coronavirus pandemic. In the July-March period of the 2020-21 fiscal year, the net sales of savings instruments surpassed BDT 330 billion, while the annual target has been set at BDT 200 billion. If the upswing continues, economic experts think savings instruments sales will surpass BDT 400 billion in the last three months of the 2020-21 FY.

<https://www.tbsnews.net/economy/sales-savings-tools-set-be-double-target-248029>
<https://www.newagebd.net/article/138250/nsc-sales-reach-BDT-33203cr-in-july-march>

Proposal to buy Sinopharm's Covid vaccine approved

- The Cabinet Committee on Economic Affairs on Wednesday approved in principle the health ministry proposal for buying Covid-19 vaccine from Chinese state-owned enterprise Sinopharm. The committee chairman and Finance Minister said they had to approve the purchase of the vaccine through the direct procurement method as the health ministry had failed to take necessary and timely measures to tackle the Covid-19 situation. The direct procurement method is more prone to irregularities in purchases and the buyer often pays higher prices for products than their

actual prices.

<https://www.tbsnews.net/coronavirus-chronicle/covid-19-bangladesh/proposal-buy-sinopharms-covid-vaccine-approved-248047>

Pharmas rake in higher profits

- Listed drug makers booked an 18% growth in profit in the first nine months of the current fiscal year thanks to a decrease in marketing costs amidst the coronavirus pandemic. ACI and Orion Pharmaceuticals were excluded as they are yet to disclose their earnings. The total profit of the listed medicine-makers rose to BDT 21.68 billion. Among them, the profits of eight rose. Operational excellence in productivity is the main reason for the higher growth in profits of drug makers, said the chief financial officer of Square Pharmaceuticals. The company's profits rose around 11% to BDT 11.63 billion. Elaborating, he said administrative costs fell during the period. Due to the pandemic, our communication cost declined along with promotional expenditure, he added.

- However, sales growth of the drug maker was relatively lower compared to previous years, the company secretary of Renata said, adding that most of companies' sales growth was 5 to 6% this year which was much higher a year earlier. This is because many doctors refrained from private practices due to the contagion, and people were reluctant to go to clinics and hospitals for treatment. The export slowed a little bit this year, but it will surge in the coming months as the second wave of the pandemic is easing out, he hoped.

<https://www.thedailystar.net/business/news/pharmas-rake-higher-profits-2095321>

Mobile, internet subscribers rise

- The number of internet users in the country registered moderate growth in March as people started to rely on various online platforms once again amid a second wave of the coronavirus pandemic. According to industry insiders, more people have resumed working from home due to the resurgence of Covid-19 infections. The number of internet users stood at 116.1 million in March, up 3% from a month ago and 12.48% year-on-year, data from the Bangladesh Telecommunication Regulatory Commission (BTRC) showed. An official of a mobile phone operator said that many people began preparing for distance working since March when the Covid-19 infection rate started to rise.

- The number of mobile phone users also rose to a nine-month high in the same month. Mobile phone users stood at 174.6 million in March, up 0.73% from a month ago and 5.62% year-on-year. The number of mobile subscribers had started to decline in April last year after the government imposed a nationwide lockdown to keep the coronavirus at bay. The downward trend continued until June last year. Since then, the number of users started to rise steadily.

<https://www.thedailystar.net/business/news/mobile-internet-subscribers-rise-2095325>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$63.49	\$14.97	30.85%
Crude Oil (Brent)*	\$66.71	\$14.91	28.78%
Gold Spot*	\$1,873.31	(\$21.79)	-1.15%
DSEX	5,873.14	471.07	8.72%
S&P 500	4,115.68	359.61	9.57%
FTSE 100	6,950.20	489.68	7.58%
BSE SENSEX	49,902.64	2,151.31	4.51%
KSE-100	45,682.11	1,926.73	4.40%
CSEALL	7,341.03	566.81	8.37%

Exchange Rates

USD 1 = BDT 84.76*
 GBP 1 = BDT 119.64*
 EUR 1 = BDT 103.25*
 INR 1 = BDT 1.16*

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

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BRAC EPL Stock Brokerage Limited

Research

Ayaz Mahmud, CFA	Head of Research	ayaz.mahmud@bracepl.com	01708 805 221
Anika Mafiz	Research Analyst	anika.mafiz@bracepl.com	01708 805 206
Sadman Sakib	Research Associate	sadman.sakib@bracepl.com	01730 727 939
Md. Rafiqul Islam	Research Associate	mrafiqulislam@bracepl.com	01708 805 229
Md Mahirul Quddus	Research Associate	mmahirul.quddus@bracepl.com	01709 636 546

International Trade and Sales

Ahsanur Rahman Bappi	Chief Executive Officer	bappi@bracepl.com	01730 357 991
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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