

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.

Economy firing on all cylinders

- By shaking off the pandemic fallout, the economy will also grow 7.25% in FY22, based on the provisional estimation by the BBS in 9MFY22. The per capita income of Bangladesh is going to increase to UD 2,824 this fiscal year. The World Bank and the International Monetary Fund said the Bangladesh economy would grow at 6.4 percent this fiscal year and the Asian Development Bank has forecast a 6.9 percent expansion.
- The growth momentum is down to the industrial sector, which, according to the BBS data, is roaring, led by the manufacturing activities of the large industries, whose output is estimated to grow at 12.87%. Household consumption is estimated to grow at 13.1%, the highest in five years.

<https://www.thedailystar.net/news/bangladesh/news/economy-firing-all-cylinders-3020736>

Inflation, hefty subsidy baffle planners

- Price spiral and consequent hefty subsidy requirements turn a top concern for the authors of next fiscal budget, sources said, prompting thoughts on a fresh hike in key utilities' rates. A senior finance ministry official told the FE that necessary instructions had been given to the ministries concerned to take measures for price adjustment of gas, electricity and fertiliser.
- The official also told that the government was now in a dilemma as to whether to enhance fertiliser prices at this moment though the subsidy requirement for agriculture sector has increased every year. A recent finance ministry proposal to readjust fertiliser prices did not get the go-ahead from the Prime Minister's Office, the official mentioned. He feels that for the next fiscal year some BDT 700 Bn may be required to put aside to foot the bill for subsidies and incentives-accounting for a nearly 50% hike compared to the present budget allocation on this head.

<https://today.thefinancialexpress.com.bd/first-page/inflation-hefty-subsidy-baffle-planners-1652205598>

BB toughens stance against luxury imports

- In the face of falling foreign exchange reserves, Bangladesh Bank instructed banks to take up to 75% of import payments in advance from businesses to open letters of credit (LCs) for luxury and non-essential goods. The central bank took the decision in preparation of upcoming import payment adjustments to the Asian Clearing Union (ACU) which are estimated to eat away USD 2.24 Bn of the country's foreign exchange reserves, said a BB official.
- On April 11, banks were instructed to impose a margin of at least 25 per cent on the opening of LCs for non-essential consumer goods. However, this has failed to contain a rise in import payments. The reserves, which stood at USD 44 Bn on April 30, may decline to less than USD 42 Bn (Wednesday) once the BB adjusts the import payments, which have already been paid to the ACU last week.

<https://www.thedailystar.net/business/economy/news/bb-toughens-stance-against-luxury-imports-3020986>

BD fails to utilise DFQF facility

- The country could not increase its exports to the Chinese market as expected due to lack of exportable products, product standards and marketing initiatives, according to a latest report prepared by Bangladesh mission in China. China has so far granted DFQF facility to 8,549 Bangladeshi products or 97% of the tariff lines in July, 2020.
- The Bangladesh mission in China has identified several reasons including shortage of products as compared to

China's demand, obligation to supply goods in accordance with the standards set by China, lack of aggressive marketing and deficit of Bangladeshi branded products. It has also mentioned that language barrier and lack of ideas about the Chinese market have also been hindering the export growth.

- The mission, however, suggested going for aggressive marketing, creating brand image online and onsite, and increasing business-to-business (B2B) connectivity to boost the exports to the Chinese market. It also recommended improving images of big Bangladeshi brands by opening their outlets there for promotion, marketing, advertising, cultural exchange, etc.

<https://today.thefinancialexpress.com.bd/trade-market/bd-fails-to-utilise-dfqf-facility-1652201232>

Non-banks can do real-time gross settlement from June 1

- The non-bank financial institutions (NBFI) would be able to use real-time gross settlement (RTGS) system from June 01, according to a Bangladesh Bank notice. The minimum limit of a transaction through RTGS is BDT 100,000 and above, whereas there is no ceiling in the case of government payments.
- The amount of fund settled through the call money market will be transferred through the RTGS when NBFIs are attached to the platform. Different types of transaction, including call money market and inter-bank repurchase agreement (Repo), will be settled through the platform.

<https://www.thedailystar.net/business/news/non-banks-can-do-real-time-gross-settlement-june-1-3020521>

Banks' excess liquidity drops below BDT 2 Tn

- Excess liquidity in the country's banking sector dropped below to BDT 1.98 Tn after a year amid a poor deposit growth against a gradual increase in credit demand. The supply of excess liquidity had remained above BDT 2.0 Tn since Apr'21.
- Year-on-year deposit growth rate in the banking system was 9.05% in Mar'22 when the growth rate of credit to the private sector reached 11.29%. The supply of over USD 4.0 Bn by the central bank throughout the current fiscal year also squeezed supply of the local currency taka from the market, resulting in an excess liquidity fall on the market.

<https://www.newagebd.net/article/170174/banks-excess-liquidity-drops-below-tk-2-lakh-crore>

Bangladesh to remain RMG hotspot in future

- Bangladesh will remain as the preferred sourcing destination for readymade garment (RMG) items well into the future as the country has substantially improved production facilities and on compliance with regulations over the last few years, said international clothing retailers and brands.
- Regional operations manager of Dutch designer clothing company G-Star told that his company sources garment items worth USD 70.0 Mn per year from Bangladesh and of it, 75% per cent was knitwear items. He added that his company would increase the amount of items sourced from here, taking the value to USD 90 Mn in the next three years, registering a 30 per cent growth.
- Managing director of buying house Cloths "R" Us said work orders were shifting from China, Vietnam, Sri Lanka, Myanmar and Sri Lanka as Bangladesh has grown a lot with respect to its capacity over the last few decades. Regional head of H&M's Bangladesh, Pakistan and Ethiopia told that Bangladesh could export USD 100 Bn garment items in the next 10 years.

<https://www.thedailystar.net/business/economy/news/bangladesh-remain-rmg-hotspot-future-3020991>

Sri Lanka crisis may hit BD apparel shipments

- Local exporters are worried over the latest political turmoil in Sri Lanka, as around 40% of the country's apparel shipments use the port of Colombo as the key transshipment hub to reach the US and European ports. Shipping executives told the FE that more than 10 feeder vessels either remained stuck or on the way to Colombo carrying export goods.
- First vice president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) told the FE that they are also exploring using alternative routes to reach the North American ports via the Chinese ports or Singapore Port. He added that there are some direct shipping services to and from Chittagong - introduced a few months back - that may be used to avoid the Colombo Port.

<https://today.thefinancialexpress.com.bd/first-page/sri-lanka-crisis-may-hit-bd-apparel-shipments-1652205454>

Tax receipts from DSE jump 41pc in 10 months

- The government revenue earnings from Dhaka Stock Exchange (DSE) jumped 41% YoY in 10MFY22 backed by rising trading volume. The government bagged revenue worth BDT 3,474 Mn during the period as against BDT 2,468 Mn in 10MFY21. Of the total earnings, BDT 2,865 Mn came from brokerage commission, while BDT 609 Mn came from the share sales by sponsor-directors and placement holders, the DSE data shows.

<https://today.thefinancialexpress.com.bd/stock-corporate/tax-receipts-from-dse-jump-41pc-in-10-months-1652203471>

BSEC okays Investasia Growth Fund draft prospectus

- Bangladesh Securities and Exchange Commission (BSEC) approved the draft prospectus of Investasia Growth Fund, an open-ended mutual fund. According to BSEC, the primary target size of the fund is BDT 250 Mn. Of this, the sponsor will provide BDT 25 Mn and the remaining BDT 225 Mn will be collected by selling the mutual fund units to investors at a face value of BDT 10 each.
- Sentinel Trustee and Custodial Services Ltd is the trustee and custodian of the fund while Invest Asia Capital Asset Management Ltd is the asset manager who will focus on mid-and large-cap stocks, while capital protection will get high priority.

<https://www.tbsnews.net/economy/stocks/bsec-okays-investasia-growth-fund-draft-prospectus-417070>

Midland Bank files for BDT 700 Mn IPO

- Midland Bank Ltd, a fourth generation private sector commercial bank, recently applied to the Bangladesh Securities and Exchange Commission for raising BDT 700 Mn from initial public offering (IPO). The bank will offer 7.0 Mn ordinary shares at a face value of BDT 10 each. Managing director and chief executive officer (CEO) of Midland Bank told that the bank has been operating with more than adequate capital and the sought amount is mainly to fulfil the regulatory requirements only.
- Of the BDT 700 Mn IPO proceeds, the bank will invest over BDT 610 Mn in Treasury bonds and bills, BDT 50 Mn in the listed 'A' category securities, and the remaining BDT 38.9 Mn to meet the IPO expenses. Midland Bank's paid-up capital is nearly BDT 5.70 Bn, which is set to elevate to nearly BDT 6.40 Bn after the IPO.
- LankaBangla Investments is the issue manager of Midland Bank IPO, while ICB Capital Management, Sonali Investment, Rupali Investment, and Prime Bank Investment - joined as the underwriters to the IPO.

<https://www.newagebd.net/article/170064/minimum-value-addition-for-cash-incentive-eased-for-textile-mills>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 101.40	USD 26.19	34.82%
Crude Oil (Brent)*	USD 103.87	USD 26.09	33.54%
Gold Spot*	USD 1,837.42	USD 8.22	0.45%
DSEX	6,665.61	-91.04	-1.35%
S&P 500	4,001.05	-765.13	-16.05%
FTSE 100	7,243.22	-141.32	-1.91%
BSE SENSEX	54,364.85	-3,888.97	-6.68%
KSE-100	43,504.36	-1,091.71	-2.45%
CSEALL	7,516.63	-4,709.38	-38.52%

Exchange Rates**1 US Dollar = 86.73 BDT****1 GBP = 106.93 BDT****1 Euro = 91.37 BDT****1 INR = 1.12 BDT**

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