

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.

FDI goes up but lower than expected

- Foreign direct investment to Bangladesh rose 13% year-on-year to USD 2.89 Bn last year, in a positive development for an economy long looking to increase the flow of external funds to accelerate its growth, official figures showed. FDI inflow has been far lower than the expected level given the country's business volume and potential of the economy.
- Fresh investment, or equity capital, was at a higher level last year compared to 2020, which has been described by economists as a good development for the country's investment sector. FDI in the field of equity capital rose 35% to USD 1.13 Bn. The reinvestment of earnings stood at USD 1.56 Bn last year in contrast to USD 1.57 Bn a year prior. Intra-company loans increased to USD 194.0 Mn, up 25% year-on-year.
- Some peers of Bangladesh have managed to secure a higher volume of FDI. For instance, Vietnam received USD 19.74 Bn last year and USD 4.42 Bn in the first quarter of this year.
- Mamun Rashid, an investment analyst, says Bangladesh has a strong wish to attract foreign investment, but there are some barriers that discourage foreign entities. The average protection rate, which includes different levies and taxes imposed by a government, is 27% in Bangladesh. The protection rate is 1.0-1.5% in the developed nations, 4.0-4.5% in the developing countries of Asia, and 9.0% in China and India, he said.

<https://www.thedailystar.net/business/economy/news/fdi-goes-lower-expected-3011801>

Cut taxes on expensive cooking oils

- Bangladesh Trade and Tariff Commission (BTTC) suggests cuts in taxes on sunflower, olive and canola oils in the upcoming budget for fiscal year 2022-23, in order to help dilute dependence on widely consumed soybean and palm oils. Sunflower, olive and canola oils are expensive in Bangladesh because of higher duty and taxes and tariff value and those are usually consumed by the affluent section of society.
- The BTTC recommends rationalising the import duties on the 'expensive' edible oils in line with the exemptions offered to soyabean and palm oils, as a fiscal solution to the market overheating. The Commission feels that a cut in dependence is necessary due to volatile price situation of soybean and palm oils on the international market and resultant high rates at home.
- BTTC proposed to bring down its Total Tax Incidence (TTI) to 20% for both refined and crude sunflower oils. Currently, TTI on refined and crude olive oils is 37% per cent, olive oil wrapped or canned 58.60%. The BTTC recommended bringing down it to 25% and 31% respectively.

<https://today.thefinancialexpress.com.bd/first-page/cut-taxes-on-expensive-cooking-oils-1650824178>

Take insurance coverage for export financing

- Bangladesh Bank asked banks to take insurance coverage against their financing to exporters in a bid to minimise default risk of loans. As per banking norms, lenders can provide post-shipment financing to exporters as they wait to receive funds from buyers through correspondent banks. The default risk will be minimised if banks take insurance coverage, according to a Bangladesh Bank notice.

- The central bank, however, said that banks would take the coverage with the consent of exporters. Banks also will be allowed to take insurance coverage for their financing to exporters extended during the pre-shipment stage.
- The central bank, however, warned banks that insurance coverage would not give waiver to them from realising export proceeds, which need to be repatriated within four months from the date of shipment as per foreign exchange regulations of the BB.

<https://www.thedailystar.net/business/organisation-news/news/take-insurance-coverage-export-financing-3011796>

Demand for liquidity surges in banks ahead of Eid

- Demand for liquidity on the money market has intensified ahead of Eid-ul-Fitr, as the central bank has adopted a policy to contain any sort of excess money supply on the market amid an inflation spike. Weighted average interest rate on the call money market increased to 4.54% in April from 2.75% per cent in the previous month.
- Mutual Trust Bank managing director and chief executive officer told that apart from the pre-Eid increase in demand for liquidity, the market liquidity situation came under more stress due to the injection of the US dollars by the central bank in the market. He added that pressure would remain in the call money market for time being. He also told that until or unless the remittance situation improves and the massive growth of imports is brought under control, the money market situation may remain unchanged.
- Though the daily average overnight borrowing from the interbank call money market remained almost same in April, the interest rate increased sharply as a very few banks left to borrow fund on the call money market. BB data showed that the banks in average borrowed BDT 71.5 Bn in each working day from the call money market in April compared with that of BDT 71.4 Bn in the previous month. The latest BB data showed that the amount of excess liquidity in the market dropped to BDT 2.11 Tn in Jan'22 from BDT 2.32 Tn in Jul'21.

<https://www.newagebd.net/article/168920/demand-for-liquidity-surges-in-banks-ahead-of-eid>

MTB closes deal for US\$ 15m term loan

- Mutual Trust Bank Ltd (MTB) recently closed term loan deal of USD 15.0 Mn with four funds managed by responsAbility Investments AG. This is the first long term Secured Overnight Financing Rate (SOFR)-based borrowing for the Bank, said a statement. The impact funds in foreign currency will help MTB to support small and medium enterprises to achieve sustainable economic growth. The funds will be routed through MTB's Offshore Banking Unit.

<https://today.thefinancialexpress.com.bd/stock-corporate/mtb-closes-deal-for-us-15m-term-loan-1650823672>

Sonali Paper rights shares subscription opens on 7 June

- The subscription for the rights shares of Sonali Paper and Board Mills will open on 7 June and continue till 28 June. The company has set the record date of the rights shares on 23 May this year. On 20 April, the Bangladesh Securities and Exchange Commission (BSEC) allowed the company to issue rights shares at a ratio of 1R:2 (1 right share against 2 existing shares held) at BDT 10 per share. The company will issue 11.0 Mn ordinary shares at BDT 101.0 Mn and use this fund to purchase machinery.

<https://www.tbsnews.net/economy/stocks/sonali-paper-rights-shares-subscription-opens-7-june-408850>

No more barriers to eSIM launch

- The barrier to launching eSIM services has been finally removed as the National Board of Revenue (NBR) has set the VAT for the sale of digital subscriber identity modules by the mobile phone operators in Bangladesh. BDT 200 has to be paid as VAT for each eSIM, similar to that for the regular SIM card, according to a letter from the NBR to the telecom regulator and operators on April 21.

- In a press release yesterday, GP said eSIM would be available at selected Grameenphone centres from today. digital SIMs available. For a new connection, the price is BDT 200 and for replacement from physical SIM to eSIM and eSIM to eSIM, the price is BDT 99, the operator said.

<https://www.thedailystar.net/business/telecom/news/no-more-barriers-esim-launch-3011791>

Keya Cosmetics gets independent directors

- The Bangladesh Securities and Exchange Commission (BSEC) has appointed two independent directors at Keya Cosmetics to improve corporate governance in the company. Both directors are associate professors at a university. The BSEC already sent a letter to the company, Dhaka Stock Exchange, Chittagong Stock Exchange and Central Depository Bangladesh Ltd, informing of their appointment.

<https://www.tbsnews.net/economy/stocks/high-cost-listing-trading-hinders-bond-market-development-408390>

Khulna Power to sell 110MW plant

- Khulna Power Company Limited (KPCL) is set to sell its 110 MW barge mounted power plant at a value of USD 15.0 Mn, according to a company statement posted on the Dhaka Stock Exchange (DSE) website. An asset purchase agreement has been signed between KPCL and Excelerate Global Operations LLC. The company also informed that they have applied to the Bangladesh Power Development Board (BPDB) and other concerned authorities for approval to re-export the plant (power barges) outside Bangladesh.
- A week ago, the company informed that the government allowed the extension of two contracts with KPCL to purchase power from the KPC Unit-II 115 MW plant in Khulna and KPC 40 MW Noapara plant in Jashore on the basis of no electricity, no payment.

<https://www.thedailystar.net/business/economy/news/khulna-power-sell-110mw-plant-3011761>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 99.22	USD 24.01	31.92%
Crude Oil (Brent)*	USD 103.69	USD 25.91	33.31%
Gold Spot*	USD 1,924.14	USD 94.94	5.19%
DSEX	6,683.24	-73.42	-1.09%
S&P 500	4,271.78	-494.40	-10.37%
FTSE 100	7,521.68	137.14	1.86%
BSE SENSEX	57,197.15	-1,056.67	-1.81%
KSE-100	45,553.02	956.95	2.15%
CSEALL	8,135.25	-4,090.76	-33.46%

Exchange Rates**1 US Dollar = 86.36 BDT****1 GBP = 110.53 BDT****1 Euro = 93.12 BDT****1 INR = 1.13 BDT**

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