

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.

Jan remittance rises to support reserves

- Remittance inflow rose further in January to relieve strain on Bangladesh's reserves, primarily as the government raised cash incentives for remitters, officials say. The money sent home by Bangladeshis working abroad amounted to USD1.70 billion in January 2022, up by USD 73.79 million from the previous month's level, according to the central bank's latest statistics, released Tuesday. In December, the remittances amounted to USD 1.63 billion. However, the inflow of remittances dropped by 13.12 % or USD257.46 million compared to that of the same period of 2021 as the expatriates sent USD1.96 billion during that period.
- The inward flow of remittance dropped by nearly 20% to USD 11.94 billion during the July-January period of the current fiscal year (FY), 2021-22, from USD 14.91 billion in the same period of the previous fiscal. Meanwhile, the government has already raised the cash incentives on inward remittance to 2.5% from 2.0% earlier, aiming to encourage the remitters to send their hard-earned money through official channels instead of the illegal "hundi" system. Effective from January 01, the new rate is a New Year's gift to the remitters from the Prime Minister, according to a statement issued by the finance ministry earlier.

<https://today.thefinancialexpress.com.bd/first-page/jan-remittance-rises-to-support-reserves-1643737658>

Forex earnings growing on exports, remittances

- Bangladesh's forex earnings keep on running on a steady lane, with both exports and remittance inflows maintaining positive growth in January this year. Last month, export earnings witnessed a 41% year-on-year growth, while remittances increased by 4.52% with many Bangladeshi expatriate workers going to overseas workplaces after the pandemic situation has turned the corner. During 7MFY22, the exports, propelled by a strong rebound of apparel shipments and shifting of many work orders from China, raked in more than USD 29 billion.
- Apparel shipments grew by 29% year-on-year in July-January, according to the Bangladesh Garment Manufacturer & Exporters Association (BGMEA). Many orders shifting to Bangladesh from China as part of sourcing diversification by importers and a trade tension between the US and China contributed to Bangladesh's export growth. Remittance inflow to the country has increased by around USD74 million or 4.52% month-on-month in January this year even though the overall receipts fell by around 13% year-on-year. Expatriates sent home USD 1.7 billion January 2022, which was USD1.63 billion in December last year. The government has set a remittance target of USD 26 billion for FY22.

<https://www.tbsnews.net/economy/forex-earnings-growing-exports-remittances-365272>

Investment proposals rise in Oct-Dec

- The value of investment proposals in the October-December period of 2021 increased by 175.23%, but the value of foreign investment proposals fell by 17.20 % in the period, according to Bangladesh Investment Development Authority data. In the three months, BIDA received proposals for investing a total of BDT 64,856 crore for 380 local and foreign companies. The proposed amount was BDT 23,563 crore for 365 industrial units in the October-December quarter in 2020.
- The BIDA data showed that the proposals for foreign investments in October-December of 2021 declined to BDT 5,009 crore from BDT 6,050 crore in the same period of 2020. It received proposals from 352 local companies for investing BDT 59,847 crore in the October-December quarter in 2021, which is 241.71 % higher than the same period of previous year. According to BIDA, the highest number of local investment proposals came for the service sector

followed by chemical, textiles and agricultural industries. Regarding overseas investment, the service sector also received highest proposals followed by chemicals, engineering and textile industries. BIDA said that the investment proposals from local and foreign companies would create a total of 53,964 jobs in the newly 380 registered industrial units.

<https://www.newagebd.net/article/161594/investment-proposals-rise-in-oct-dec>

Business recovery drives up VAT collection from large taxpayers

- Seven out of top 10 sectors under the large taxpayers unit (LTU) posted a 20% growth in VAT payments in 1HFY22, thanks to a strong rebound of businesses from pandemic-induced losses. The sectors are cigarettes, banking, pharmaceuticals, gas, electricity, beverage and water supply. Collection from three other top VAT-paying sectors – telecom operators, soap and cement – witnessed a negative growth.
- Overall VAT mobilisation from 110 large companies grew by 15% to around BDT 25,000 crore in 1HFY22, although 42 of them fell short of what they paid during the same period a year ago. But VAT generation from LTU-listed companies, which account for 50% of the total collection, failed to meet the target by around BDT 1,400 crore. The NBR set a target to collect BDT 1,29,000 crore in the form of VAT, while its revenue mobilisation goal was set at BDT 3,30,000 crore for the current fiscal year.
- The gas sector topped the list of VAT payment with a whopping 168% growth, followed by the banking sector 25%, cigarettes 16%, pharmaceuticals 11%, electricity distributors 10%, water supply 3% and beverage 2%. On other hand, VAT collection from mobile operators amounted to BDT 4,216 crore, down by 4% year-on-year, while the collection from Unilever's soap and nine cement companies fell by 13% and 10% respectively. According to the NBR, Grameenphone's VAT payment dropped by 4% and Robi's by 3% in July-December of FY22, while collection from Banglalink rose by 4%.

<https://www.tbsnews.net/nbr/business-recovery-drives-vat-collection-large-taxpayers-365281>

DSE pays BDT 331m taxes thru e-TDS

- The Dhaka Stock Exchange (DSE) paid BDT 331 million availing the electronic tax deducted at source (e-TDS) system to pay taxes to the public exchequer. Officials said automation of the e-TDS system can check leakage of taxes and thwart tax evasion.

<https://today.thefinancialexpress.com.bd/metro-news/dse-pays-tk-331m-taxes-thru-e-tds-1643734096>

84% rural entrepreneurs availed BDT 220cr stimulus loan

- In the wake of the pandemic, the government announced a BDT1500 crore stimulus package in the second phase for the Cottage, Micro, Small, and Medium Enterprise (CMSME) sector in January last year. Eight SME institutions were tasked with disbursing the loans and implementing the stimulus package at the root level.
- SME Foundation received the approval of the Ministry of Finance to disburse loans to the amount of BDT300 crore. Through 18 banks and non-banking financial institutions (NBFIs) the SME Foundation disbursed BDT100 crore in the 2020-21 fiscal year and in the current 2021-22 fiscal it secured approval from the finance ministry to release the remaining BDT200 crore fund.

<https://www.tbsnews.net/economy/84-rural-entrepreneurs-availed-tk220cr-stimulus-loan-365047>

Two state jute mills leased to private sector

- The government handed over two jute mills to the private sector as part of its efforts to modernise the state-run enterprises dealing with the natural fibre. Karnafuli Jute Mills Ltd in Chattogram was leased out to Unitex Group, and

Bangladesh Jute Mills Ltd in Narsingdi to Bay Group. The lease period is 20 years. Jute Alliance Ltd, a concern of Bay Group, paid BDT 9.60 crore in advance rents and Unitex Group paid BDT 5.28 crore for 24 months. The bills and other expenditures would be borne by the investors as well.

<https://www.thedailystar.net/business/economy/news/two-state-jute-mills-leased-private-sector-2952561>

Trade deficit widens to USD 15.62b in July-Dec

- The country's trade deficit surged to USD 15.62 billion in 1HFY22 despite a substantial growth in exports. The BB data showed that the country's export earnings increased by 27.25% to USD 23.36 billion while import payments grew by 54.49% to USD 38.97 billion.
- Current account balance turned USD 8.18 billion deficit in 6MFY22 from a positive balance of USD 3.52 billion in 6MFY21. The country's overall balance turned USD 1.79 billion deficit during the period, compared to a surplus of USD 6.16 billion during 6MFY21. The BB data also showed that the country's gross foreign direct investment remained static at USD 1.9 billion during the period.

<https://www.newagebd.net/article/161599/trade-deficit-widens-to-1562b-in-july-dec>

BD picks US co to negotiate deal

- Bangladesh has now picked US oil-major Excelerate Energy as a third company to negotiate liquefied natural gas (LNG) purchase on a longer term, on unsolicited deals. Over the last couple of months the state-run Petrobangla had carried out preliminary negotiations with local Summit Group and Middle East's Emirates' National Oil Company (ENOC) for long-term LNG supply sans biddings as per a standing law, said sources.
- Sources say Excelerate has shown interest in supplying LNG for 2022 following JKM (Japan, Korea, Marker) index. For 2023 and onwards, the US firm has proposed to supply the gas at around 11.70 % of the three-month average price of Brent crude oil plus USD 0.35 constant per MMBtu (million British thermal unit), says a senior Petrobangla official. Currently, the country imports LNG under long-term deals from two state-run global suppliers-Qatar's Qatargas and Oman's Oman Trading International (OTI).
- If Petrobangla has more demand during the first five years, it can increase the LNG-import volume annually to 2.5 Mtpa, and during the next 10 years Petrobangla has the option to reduce the amount by 10% a year. Petrobangla has a similar SPA with Oman's OTI to import annually around 1.0 Mtpa of LNG for 15 years. The petroleum marketer is purchasing LNG at around 11.9% of the three-month average of Brent crude oil prices plus USD 0.40 cents per mmBtu from OTI, and the payments are to make within 25 days of delivery.

<https://today.thefinancialexpress.com.bd/first-page/bd-picks-us-co-to-negotiate-deal-1643737423>

Worker shortage a new challenge for RMG

- Almost all garment factories in Bangladesh, especially, the small and medium-sized ones, are suffering from an acute shortage of skilled labourers as the industry is recovering from the severe fallouts of Covid-19 on the back of a higher flow of orders from international retailers and brands as economies reopened. Industry people say they are incurring production losses and missing shipments due to a 15-20% shortage of workers.
- They attributed the shortage of workers, especially the skilled labourers, to the sudden rise in demand and massive expansion of production capacity in the apparel industry. Besides, many workers have not returned after they went home following the outbreak of Covid-19 in Bangladesh in March 2020.
- Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said a short-term crisis of skilled workers has been created in the garment industry because of a significant rise in export orders with the recovery of

the global supply chain. Now, many factories are running at nearly 90 per cent capacity compared to usual 60% or even below capacity. He added that even though the higher flow of orders might not be a long-term phenomenon, if it sustains, factory owners may have to choose more automation to raise productivity and ship goods on time.

<https://www.thedailystar.net/business/economy/news/worker-shortage-new-challenge-rmg-2952581>

Submarine Cable Company's profit jumps 57% as internet use surges

- Bangladesh Submarine Cable Company Ltd (BSCCL) posted 30% growth in revenue and 57% rise in net profit in 1HFY22 as the use of the internet surged across the country recently. The company's revenue rose by 30% to BDT 202.53 crore and its net profit rose by 57% to BDT 112.90 crore in 1H FY22.
- The third submarine cable (SEA-ME-WE-6 Consortium) project will cost BDT692 crore, and at its completion, bandwidth will increase by an additional six terabits per second, increasing the scope for earning foreign currency.

<https://www.tbsnews.net/bangladesh/submarine-cable-companys-profit-jumps-57-internet-use-surges-365266>

BD Building Systems price jumps 53% in a week

- Bangladesh Building Systems, a 'B' category listed company, is witnessing an unprecedented price hike and increase in volume of shares in the last few trading days. The company's share prices started to rise from January 24 and went on flying after the company published a hefty profit growth for October-December 2021.
- The company posted a massive 745 % increase in its second quarter (Q2) earnings for October-December 2021 compared to the same quarter of the previous year, thanks to increasing non-operating income. The company's EPS soared to BDT 0.93 for October-December 2021, as against BDT 0.11 for October-December 2020. Bangladesh Building Systems, a corporate director of BBS Cables, sold 2.50 million BBS Cables shares in December, which helped the company to book a hefty profit, company officials said. Recently, the company was placed in 'B' category from 'A' category with effect from December 21, 2021 as the company approved 2.0 % cash dividend for the year ended on June 30, 2021.

<https://today.thefinancialexpress.com.bd/stock-corporate/bd-building-systems-price-jumps-53pc-in-a-week-1643733656>

Alltex shares jump 19% on sudden profit, 1% dividend

- Alltex Industries shares jumped 19.1% on Tuesday at the Dhaka Stock Exchange (DSE) as soon as the loss-making company reported profits for the October-December quarter alongside a meagre 1% cash dividend only for the general shareholders. The troubled home textile exporter, which had been consistently incurring huge losses since 2017, posted BDT 1.36 in earnings per share (EPS) for the second quarter of the current fiscal year, according to an unaudited financial statement. The company's net asset value per share shrank to BDT 5.87 in 2021.

<https://www.tbsnews.net/economy/stocks/alltex-shares-jump-19-sudden-profit-1-dividend-365257>

Square Textiles' profit surges six times

- Square Textiles Ltd, a concern of Square Group, said its profit rocketed in 1HFY22 as revenue growth outpaced the cost of sales. The textile company also cut its finance cost significantly. As such its overall earnings grew nearly six times to BDT 92.28 crore in 1HFY22 from BDT 15.54 crore during 1HFY21. Earnings per share soared to BDT 4.68 from BDT 0.79 a year ago.
- The company posted 46 % year-on-year revenue growth to BDT 795 crore in the first half of the financial year. The cost of sales rose 33 %. Many local spinning mills have either expanded their production capacity or made new investments as international orders for garment items produced in Bangladesh surged in keeping with the recovery of the global supply chain from the severe fallouts of Covid-19.

<https://www.thedailystar.net/business/organisation-news/news/square-textiles-profit-surges-six-times-2952551>

Paper business recovering from pandemic shocks

- The paper industry – one of the biggest victims of the Covid-19 pandemic – has been bouncing back riding on an increase in demand since the reopening of educational institutions in September last year. Paper companies had earlier gone through a hard time as schools, colleges and universities – the main consumers of paper products – remained closed for around 18 months since March 2020 as the coronavirus struck the country. Bashundhara Paper Mills – market leader in the tissue industry, and one of the major players in the paper industry – has reported a 23% rise in revenue.
- Also, Paper Processing and Packaging, and Bangladesh Monospool Paper Manufacturing Company – two concerns of Magura Group – have witnessed big jumps in revenue and profits. Two other listed paper firms are incurring losses. Of which, Hakkani Pulp and Paper Mills witnessed a fall in sales, and Khulna Printing and Packaging Limited's factory was shuttered down temporarily after a court order to freeze all its bank accounts. Another company, Sonali Paper and Board Mills – a concern of Younus Group – has not yet published its financials for the July-December period.

<https://www.tbsnews.net/economy/stocks/paper-business-recovering-pandemic-shocks-365239>

Foreign funds in stocks drop

- Foreign portfolio investment in stocks dropped last month compared to that in the preceding one as the investors had embarked on a selling spree. Net foreign investment was BDT 23.7 crore in the negative as sell-offs from the foreign investors were higher. They bought shares worth BDT 154.18 crore in January while the sales amounted to BDT 177.88 crore, according to the Dhaka Stock Exchange (DSE) data.
- In the month before that, foreign investors bought shares worth BDT 194.19 crore while selling shares worth around BDT 154.66 crore. So, net foreign investment was around BDT 39.53 crore, the DSE data shows. Foreign portfolio investment has undergone a falling trend over the last couple of years as they were disappointed over policy changes regarding listed companies, according to a stockbroker.

<https://www.thedailystar.net/business/economy/stock/news/foreign-funds-stocks-drop-2952556>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 88.45	USD 13.24	17.60%
Crude Oil (Brent)*	USD 89.43	USD 11.65	14.98%
Gold Spot*	USD 1,801.39	(USD 27.81)	-1.52%
DSEX	6,997.60	240.95	3.57%
S&P 500	4,546.54	-219.64	-4.61%
FTSE 100	7,535.78	151.24	2.05%
BSE SENSEX	58,862.57	608.75	1.04%
KSE-100	45,674.50	1,078.43	2.42%
CSEALL	12,922.12	696.11	5.69%

Exchange Rates**1 US Dollar = 85.92 BDT****1 GBP = 116.21 BDT****1 Euro = 96.88 BDT****1 INR = 1.15 BDT**

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