

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.

Macro:**Bangladesh's share in EU apparel market jumps to 22.20%**

- Bangladesh's apparel exports to the European Union (EU) have surged, capturing a 22.20% share of the market in 2022. In contrast, the market share of the country's top competitor, China, declined to 29.24%, according to the latest data from Eurostat – the statistical agency of the European Commission.
- Bangladesh, the second-largest apparel exporter to the EU, exported USD 22.89 Bn worth of apparel to the market last year, showcasing a remarkable 35.69% year-on-year growth. Meanwhile, China's exports stood at USD 30.15 Bn, with a growth rate of 17.01%. In 2021, Bangladesh's market share accounted for 19.80%, valued at USD 16.87 Bn, while China dominated with a 30.22% share, totaling USD 30.22 Bn.

<https://www.tbsnews.net/economy/rmg/bangladeshs-share-eu-apparel-market-jumps-2220-678086>

Inflation falls slightly to 9.69% in July

- Inflation fell slightly to 9.69% in July from 9.74% in the previous month thanks to the steady prices of non-food items, according to the Bangladesh Bureau of Statistics (BBS). This was the second consecutive month the consumer prices witnessed decline since May when inflation rose to 9.94%, an 11-year high. Food inflation rose to 9.76% in July from 9.73% in the previous month. Non-food inflation eased to 9.47% last month from 9.6% in June, according to the BBS.

<https://www.thedailystar.net/business/economy/news/inflation-falls-slightly-969-july-3387901>

BB raises farm loan disbursement target for FY24

- Bangladesh Bank yesterday gave lenders in the country a higher farm loan disbursement target for fiscal year (FY) 2023-24 in an effort to ensure that farmers get enough funds to invest in increasing food production. As such, banks will have to collectively provide BDT 350 Bn as agricultural loans in FY24, up nearly 14% year-on-year.
- However, growers will be required to pay higher interest on loans this fiscal year as the central bank removed the cap on interest rates and introduced a corridor. So, borrowers of agricultural credit will need to bear 9.13% interest on loans, up from 8% the previous year.

<https://www.thedailystar.net/business/economy/news/bb-raises-farm-loan-disbursement-target-fy24-3388036>

Chinese firm looking to set up router factory

- The KFL Group of China has shown keen interest in investing about BDT 1 Bn to establish a router manufacturing plant in Bangladesh. A delegation of the Chinese digital technology company expressed their eagerness in this regard during a courtesy meeting with Mustafa Jabbar, the posts and telecommunications minister, at the secretariat in Dhaka yesterday.

<https://www.thedailystar.net/business/economy/news/chinese-firm-looking-set-router-factory-3388106>

Carew & Company posts BDT 580 Mn profit in FY 23 on record liquor sales

- Carew and Company Limited has witnessed around BDT 580 Mn profit after paying taxes in FY23 as its distillery unit sold a record amount of 5.773 Mn proof litres of liquor during that period, according to sources at the company. The company's net profit last fiscal year was around BDT 90 Mn higher than its profit of around BDT 491.7 Mn in FY22, according to the company's latest audit report.
- The Carew and Company Managing Director Mohammad Mosharraf said the company has set a target of earning BDT 1 Bn profit in the current fiscal year. Last fiscal year, all the units of Carew and Company – except for its sugar factory – witnessed profit. The company has been benefitting from the increased demand for liquor in the country since 2021 following the National Board of Revenue's imposition of restrictions on importing alcohol.

<https://www.tbsnews.net/economy/industry/carew-company-posts-tk58cr-profit-fy23-record-liquor-sales-677562>

Govt wants to form insurer for public employees

- The government is pondering over whether to set up an "independent" insurance company under Bangladesh Karmachari Kallyan Board (BKKB) to provide insurance to government employees. On August 3, the Ministry of Public Administration sent a letter to all secretaries, divisional and deputy commissioners and upazila nirbahi officers to share opinions on the formation of the company by August 17.
- Currently there are two state-run insurance companies for all citizens -- Jiban Bima Corporation which deals with life insurance and Sadharan Bima Corporation, which deals with non-life insurance. Two state-run insurance companies already exist and insurance coverage for government employees can be ensured through those two, said Prof Md Main Uddin, a former chairman of the Department of Banking and Insurance at the University of Dhaka.

<https://www.thedailystar.net/business/economy/news/govt-wants-form-insurer-public-employees-3388121>

Why unified exchange rate couldn't stop dollar sale from reserve

- The Bangladesh Bank keeps selling dollars from its foreign exchange reserves despite a historic high devaluation of the taka in a single day on 3 July, indicating that the implementation of a unified exchange rate is still dictated. The gap between the officially declared rate and the market rate has now exceeded BDT 5 per USD. Although the central bank set the rate for selling dollars from its reserve at BDT 109.50 in line with the interbank rate, market insiders reveal that most banks are opening import letters of credit (LCs) at BDT 114-116, disregarding the official rate.
- Due to the higher dollar rate in the market, the Bangladesh Bank had to offload USD 1.14 Bn from its reserves in July to cover import expenses. This trend has been consistently observed for over a year, indicating a sustained challenge in managing the country's import costs. This figure, equivalent to BDT 125 Bn, was the highest amount in taka for a single month, attributed to the high dollar rate of BDT 108 to BDT 109, as per central bank data. The objective of introducing a unified exchange rate was aimed at easing pressure on foreign exchange reserves, but it has not yielded the desired results.

<https://www.tbsnews.net/economy/banking/why-unified-exchange-rate-couldnt-stop-dollar-sale-reserve-678082>

Foreign loan disbursements fall 7.4% YoY

- The year-on-year disbursements of foreign loans from development partners have decreased by 7.4% in the 2022-23 fiscal year but commitments of loans increased by about 7.23%. According to data from the Economic Relations Division (ERD) of the finance ministry, In the recently concluded FY23, the foreign loan disbursement has dropped to USD 9.267 Bn from a record USD 10 Bn disbursed in the previous 2021-22 fiscal year. And commitments of foreign aid increased to USD 8.798 Bn in FY23, up from USD 8.20 Bn in the previous fiscal year, ERD data shows.

<https://www.tbsnews.net/economy/foreign-loan-disbursements-fall-74-yoy-678062>

Foreign funds for NGOs hit 6-year low as grants diverted to war-torn Ukraine

- The flow of foreign funds to non-government organisations (NGOs) operating in Bangladesh reached a six-year low in the just-concluded FY23, which sector insiders attribute to global donors redirecting their financial support to the war-torn nation of Ukraine. Less funding means less opportunity for NGOs to carry out their development activities, primarily in health and education, stakeholders said.
- The Russia-Ukraine war came at a time when the country's development organisations were eyeing a recovery from the Covid-19 pandemic, they said, adding that grant-based small and mid-level organisations are now in an existential threat amid the poor flow of donations. Coast Trust, one of the 2,500 registered NGOs under the NGO Affairs Bureau, is facing the impact of the global crisis.

<https://www.tbsnews.net/bangladesh/foreign-funds-ngos-hit-6-year-low-grants-diverted-war-torn-ukraine-677598>

2023 won't fare well for apparel trade: BGMEA

- The rest of the year 2023 will not fare well in terms of apparel trade measured in dollar values, said a top official of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday. The projection is that the global trade of apparel will drastically fall in 2023, said BGMEA President Faruque Hassan in an analysis posted for the BGMEA members.
- As per the performance report of the months that have elapsed in 2023, sourcing by major markets has drastically gone down, he said. Particularly, garment import by the US and European Union from around the world has declined by 22.92% and 8.84% respectively during the January-May period of 2023, he added.

<https://www.thedailystar.net/business/economy/news/2023-wont-fare-well-apparel-trade-bgmea-3388126>

Cargo movement on Indo-Bangla water routes falls

- Local vessels transported a lower number of cargoes between India and Bangladesh in the fiscal year 2022-23 than the previous year because of a decline in imports, particularly fly ash and raw materials of cement mills. Cargoes carried by the vessels of Bangladesh and India between the two neighbouring nations declined 13% year-on-year to 4.1 Mn tonnes in FY23, down from the previous year's 4.7 Mn tonnes, the highest on the record, shows data of the Bangladesh Inland Water Transport Authority (BIWTA).
- This was the first time in four years that the cargo movement through waterways under the Protocol on Inland Water Transit & Trade between Bangladesh and India (PIWT&T) fell. Convenience and relatively lower cost than road encouraged many businesses to prefer waterways to transport their goods, mainly imports from India, importers and carrier operators said earlier.

<https://www.thedailystar.net/business/economy/news/cargo-movement-indo-bangla-water-routes-falls-3388111>

Decline in some major imports hits govt revenues

- Import volume of some major revenue- generating products declined in the last fiscal year with resultant fall in government's collection of customs duty and taxes. Out of the ten sources of revenues, some 70% are industrial raw materials used in power plants, manufacturing units, construction of building structures while the rest are fruits and sugar.
- Those ten products contribute 26% to the total customs revenue out of more than 6,000 products or tariff lines. Six of the products, which contribute the highest volume of import taxes, dropped up to 27% in the FY 2022-23, according to latest data available with the National Board of Revenue (NBR).

<https://thefinancialexpress.com.bd/economy/bangladesh/decline-in-some-major-imports-hits-govt-revenues>

Investment bonanza in construction, squeeze in production

- Gross fixed capital formation (GFCF) in Bangladesh, a key measure of investment in the economy, has seen a surge in construction sector amid Infrastructure-building carnival in a proportional drop in productive sectors. According to Bangladesh Bureau of Statistics or BBS data the GFCF in other sectors, for example, plants and equipment, transport equipment and others category dropped in the past fiscal year.
- The GFCF stood at BDT 13.9 Tn in the fiscal 2022-23, ending June last, at current prices, up by 9.0% year on year, the national statistical office said. Public-sector share is BDT 3.3 Tn while the private sector's BDT 10.5 Tn, according to the BBS estimation. The GFCF shows the trend of capital expenditure in an economy. It consists of expenditures in construction sector, plant and machinery, transport equipment, and others.

<https://thefinancialexpress.com.bd/economy/bangladesh/investment-bonanza-in-construction-squeeze-in-production>

Bangladesh yet to savour recycled yarn market

- Bangladesh is still lagging behind competitors in the production of recycled yarn although the market for such yarn is swelling, especially in tune with new environmental laws being formulated by the European Union (EU). Recycled yarn is manufactured from worn-out or scrap textiles, furniture and clothing or other materials like plastic bottles.
- Though much of the recycling processes are patented, the basic concept involves creating pulp or fibres and turning those into yarn. Sometimes virgin cotton is also added to the mix. Use of apparel made from recycled yarn has been growing globally as consumers' behaviour is changing centring the need for protecting the environment and slowing down climate change.

<https://www.thedailystar.net/business/economy/news/bangladesh-yet-savour-recycled-yarn-market-3388136>

Stocks:**BGIC | BGIC declares 12% cash dividend**

- Bangladesh General Insurance Company (BGIC) Ltd announced a 12% cash dividend for the year 2022. This was disclosed at the insurer's 38th annual general meeting, which was held virtually last week, said a press release. Towhid Samad, chairman of the insurer, presided over the meeting, where Ahmed Saifuddin Chowdhury, managing director and CEO of the company, along with a large number of shareholders were present.

<https://www.thedailystar.net/business/economy/news/new-chairman-mercantile-exchange-house-uk-3388061>

EMERALDOIL | Japanese firm Be Born Co keen to buy 1.1 Mn Emerald Oil shares

- Japanese firm Be Born Company Limited wants to buy 1.1 Mn shares of the publicly listed Emerald Oil Industries at the prevailing market price from the public market through the Dhaka Stock Exchange (DSE). In this regard, Be Born Co has recently written to the managing director of Emerald Oil. On Sunday, Emerald Oil shares closed at BDT 153.5 each. Therefore, the value of the 1.1 Mn shares will be nearly BDT 170 Mn.
- Emerald Oil's Managing Director Afzal Hossain told The Business Standard, "After receiving the buy intimation letter from Be Born Co, we sent it to the Bangladesh Securities and Exchange Commission (BSEC) and the Dhaka bourse." In 2021, Minori Bangladesh — a subsidiary of another Japanese firm Minori Co Limited — got BSEC approval to invest BDT 400 Mn in Emerald Oil for bringing the company back into production.

<https://www.tbsnews.net/economy/stocks/japanese-firm-be-born-co-keen-buy-11-lakh-emerald-oil-shares-678018>

EXIMBANK | Exim Bank launches Bangla QR transaction

- Exim Bank recently launched a bill payment service through Bangla QR with the aim to help create cashless Bangladesh. Mohammad Feroz Hossain, managing director and CEO of the bank, inaugurated the service at the bank's head office in Dhaka, said a press release.
- As a result of launching the service, the bank's customers will now be able to pay bills directly from their accounts by scanning the Bangla QR code on their mobile phones at any store or outlet with Bangla QR through its modernised mobile banking app "Exim Aiser".

<https://www.thedailystar.net/business/economy/news/exim-bank-launches-bangla-qr-transaction-3388076>

MERCANBANK | New chairman for Mercantile Exchange House (UK)

- M Amanullah, sponsor director of Mercantile Bank, has been elected as chairman of Mercantile Exchange House (UK) Ltd in the bank's 426th board meeting held recently. Amanullah was the chairman of the bank and contributed heavily towards the efficiency and optimisation of Mercantile Bank during his tenure playing different roles as the chairman of various committees of the bank.

<https://www.thedailystar.net/business/economy/news/new-chairman-mercantile-exchange-house-uk-3388061>

SADHESIVE | Star Adhesives to issue BDT 500 Mn bond for business expansion

- Star Adhesives Limited — a concern of the Partex Star Group — has decided to issue a convertible bond worth BDT 500 Mn to expand its business and refinance bank loans. The bond will be unsecured, fully convertible, or redeemable for six years with a moratorium of one year, according to the company's disclosure on the Dhaka Stock Exchange (DSE) website on Sunday.
- The bond will be issued at a floating interest rate on a semi-annual basis. A floating interest rate is one that changes periodically throughout the bond tenure. The issuance of the bond is subject to approval by the shareholders through an online extraordinary general meeting (EGM) and by the Bangladesh Securities and Exchange Commission.

<https://www.tbsnews.net/economy/stocks/star-adhesives-issue-tk50cr-bond-business-expansion-678022>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 82.84	USD 7.63	10.14%
Crude Oil (Brent)*	USD 86.28	USD 8.50	10.93%
Gold Spot*	USD 1,942.20	USD 168.05	9.47%
DSEX	6,315.81	108.81	1.75%
S&P 500	4,478.03	638.53	16.63%
FTSE 100	7,564.37	112.63	1.51%
BSE SENSEX	65,721.25	4,880.51	8.02%
KSE-100	48,588.99	8,168.54	20.21%
CSEALL	11,615.56	3,113.07	36.61%

Exchange Rates**1 US Dollar = 108.85 BDT****1 GBP = 138.76 BDT****1 Euro = 119.75 BDT****1 INR = 1.32 BDT**

IMPORTANT DISCLOSURES

Analyst Certification: Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

Disclaimer: Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above-mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

Compensation of Analysts: The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

General Risk Factors: BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and revisit this assessment when subsequent update reports are published, or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

BRAC EPL Stock Brokerage Limited

Research

Salim Afzal Shawon, CFA	Head of Research	salim@bracepl.com	01708 805 221
Fahim Hassan	Research Analyst	fahim.hassan@bracepl.com	01709 636 546
Hossain Zaman Towhidi Khan	Senior Research Associate	hztowhidi.khan@bracepl.com	01708 805 224
Billal Hossain	Research Associate	billal.hossain@bracepl.com	01708 805 229
Syed Tawsifuzzaman	Research Associate	s.tawsifuzzaman@bracepl.com	01708 805 202

International Trade and Sales

Ahsanur Rahman Bappi	CEO	bappi@bracepl.com	01730 357 991
----------------------	-----	--	---------------

BRAC EPL Stock Brokerage Limited

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