

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 12th most attractive destination for Chinese investors: EIU**

- Bangladesh has climbed a whopping 40 notches up in a decade in the Economist Intelligence Unit's (EIU) China Going Global Investment Index 2023, standing as the 12th most attractive destination for Chinese investors after India (11th).
- The EIU forecasted that Indonesia and Bangladesh will be among the top 20 global economies by 2040, based on market size, economic growth and the potential of the aforementioned sectors. Bangladesh stood as the 8th most attractive destination for supply-chain development investment.

<https://www.tbsnews.net/economy/bangladesh-12th-most-attractive-destination-chinese-investors-eiu-697486>

Deposit outflow reverses course back into banks

- Deposit outflow for trust deficit amid scams and for near-negative gains from savings begins reversing course back into banks, largely as rate rises provide the baits, sources say. According to latest statistics of Bangladesh Bank (BB), the volume of currency outside the banks was recorded at BDT 2.92 Tn in June 2023 that declined to BDT 2.66 Tn in the following month of July. Seeking anonymity, a BB official said the central bank governor recently asked the commercial banks to take measures so that the money that went away from vaults can come back to the banking system.

<https://thefinancialexpress.com.bd/economy/bangladesh/deposit-outflow-reverses-course-back-into-banks>

Chinese entrepreneurs urged to invest in heavy industries

- Businessmen and government officials have urged Chinese entrepreneurs in Bangladesh to invest in heavy industries including capital machinery, saying the government has strengthened the infrastructure, ICT, roads and highways, and power and energy sectors to create a safe environment for foreign investors.
- Addressing as the chief guest of the seminar titled "China-Bangladesh Enterprises High-quality Development Forum Achievement and Way Forward", Additional Secretary of the Economic Relations Division (ERD) AHM Jahangir said, "The Chinese investment in Bangladesh is visible enough. Chinese companies are making good profits and their investment is safe here. So, we hope for more and more Chinese investment in Bangladesh in the coming days."

<https://www.tbsnews.net/economy/chinese-entrepreneurs-urged-invest-heavy-industries-697666>

Tech park opens in Netrokona

- The Metal Pvt Ltd, in association with Appropriate Scale Mechanisation Innovation Hub (ASMIH)-Bangladesh project of Bangladesh Agricultural University (BAU) and Single Shade Service Point (S3P), opened a technology park at Purbadhala in Netrokona on Wednesday. This park exhibits modern machinery and serves as a training and service centre for farmers, offering guidance on the operation and maintenance of these advanced agricultural tools.

<https://www.thedailystar.net/business/economy/news/tech-park-opens-netrokona-3413571>

Feature phone production doubles in July

- Feature phone production has more than doubled month-on-month in July as consumers turn to more affordable alternatives to smartphones amid sustained high inflation. Local manufacturers produced 1.73 Mn feature phones or 2G phones in July, a 104% increase compared to June, according to data from the Bangladesh Telecommunication Regulatory Commission (BTRC).
- Meanwhile, smartphone production dropped by 7.35% month-on-month in July to 0.59 Mn. Industry insiders said smartphone prices had been steadily climbing for the past one-and-a-half years due to increased prices of raw materials on the international market. The depreciating rate of the BDT against the USD caused import costs to soar further.

<https://www.thedailystar.net/business/economy/news/feature-phone-production-doubles-july-3413611>

BDT 2.09 Bn project to boost char crop output

- The government has initiated an agricultural project at a cost of BDT 2.09 Bn with the aim to increase production of crops in char areas by expanding the use of modern technologies. The Department of Agricultural Extension (DAE), under the agriculture ministry, will implement the project in 121 upazilas across 34 districts by June 2027. According to the project proposal, the main activities include skills development trainings for farmers, field days, seminars and workshops, technology exhibitions, distribution of solar light traps and construction of facilities for farmers.

<https://www.thedailystar.net/business/economy/news/tk-209cr-project-boost-char-crop-output-3414876>

Dairy Board Bill gives farmers hope

- Dairy farming in Bangladesh will get a boost once a dairy development board comes into being, hoped farmers yesterday regarding a bill being recently placed in parliament. The Bangladesh Dairy Development Board Bill 2023 aims to increase production of milk and milk products and ensure quality production and marketing.
- The dairy sector flourished in India, Pakistan and various advanced economies following recommendations of their boards. "We, farmers, will be able to contribute more," said Mohammad Imran Hossain, president of Bangladesh Dairy Farmers Association (BDFA).

<https://www.thedailystar.net/business/economy/news/dairy-board-bill-gives-farmers-hope-3414881>

BDT 12.43 Bn LNG to be imported from spot market

- The government yesterday approved two proposals seeking to buy 6.72 Mn tonnes of liquefied natural gas (LNG) worth BDT 12.43 Bn from the international spot market to alleviate the energy shortage facing the economy. Bangladesh depends on imported LNG for about 25% of its gas consumption as its domestic production can't meet the entire demand for the energy.

<https://www.thedailystar.net/business/economy/news/tk-1243cr-lng-be-imported-spot-market-3413651>

Solve land lease issues, gas crisis for further investment: Chinese entrepreneurs

- Chinese entrepreneurs in Bangladesh face land-related issues, visa and work permit extension complexities and customs hurdles as main barriers in the way of further investment while the ongoing industrial gas crisis is another headache for foreign as well as local investors, said stakeholders at a seminar. A Chinese entrepreneur highlighted the issues foreign entrepreneurs face while buying or leasing land in Bangladesh. Another Chinese entrepreneur said, "It is quite complicated and time-consuming to get a one-year visa and work permit in Bangladesh."

<https://www.tbsnews.net/economy/solve-land-lease-issues-gas-crisis-further-investment-chinese-entrepreneurs-697662>

Facilitate vision for motorcycle exports

- The government should facilitate local motorcycle manufacturers in various ways to grab a share of the international export market, said Hafizur Rahman Khan, president of the Bangladesh Automobiles Assemblers and Manufacturers Association, yesterday.
- The world market has an annual demand for over 60 Mn motorcycles of high engine displacement capacities and the demand is rising, he said. Global motorcycle sales amounted to USD 75.63 Bn in 2022, according to research firm Fortune Business Insights. The market is projected to grow from USD 79.57 Bn in 2023 to USD 124.09 Bn by 2030.

<https://www.thedailystar.net/business/economy/news/facilitate-vision-motorcycle-exports-3414956>

Did cash incentives for exports really work?

- The government offers cash incentives in the range of 1% to 20% to a wide range of sectors to diversify export products and markets. This support is intended to encourage entrepreneurs to explore markets for mainly non-conventional items and find new markets for existing products.
- But the reality is that most of the export sectors other than apparels could not demonstrate promising growth despite receiving cash support for years. Economists and experts feel that the current export cash incentives policy should be revised if the government wants to make export sectors competitive and strong enough to diversify the export basket.

<https://www.tbsnews.net/analysis/did-cash-incentives-exports-really-work-697250>

Cenbank asks NBR to reconsider 20% tax on foreign loan interests

- The Bangladesh Bank has made a formal request to the National Board of Revenue (NBR) to reconsider the 20% "withholding tax" imposed on interest payments for foreign loans in the current budget, arguing that this tax would increase borrowing costs from foreign sources by one-fourth.
- Foreign loans bear an additional interest margin of up to 3.5%. With the recent US Federal Reserve rate hike, SOFR surged to 5.31% as of September 9 from its pandemic low of 0.25%, increasing international loan interest rates. Businesses and bankers said this tax, if not withdrawn, will significantly disrupt the growth of the industrial sector given that many entrepreneurs have relied on these cost-effective loans for business expansions.

<https://www.tbsnews.net/economy/banking/cenbank-asks-nbr-reconsider-20-tax-foreign-loan-interests-697674>

NBR moves to cut taxes on land, flat registration

- The National Board of Revenue (NBR) has moved to reduce the land-and-flat registration taxes as it found that land and flat owners have refrained themselves from registration of immovable propitiates, as tax has been raised by twofold or 100% in the budget for current fiscal year (FY), 2023-24.
- Previously, land and flat registration tax was 4.0% on the deed value that has been raised to 8.0% in FY 2023-24. Purchase and sale of land is now one of the major sources of black money creation, as neither buyers nor sellers show real land values in their purchase documents.

<https://thefinancialexpress.com.bd/economy/bangladesh/nbr-moves-to-cut-taxes-on-land-flat-registration>

Reserves decline may invite negative credit ratings

- Bangladesh risks negative credit ratings for external finance factors, including sustained declines in foreign-exchange reserves, says global rating-agency Fitch Ratings. Earlier, another assessment by Moody's had forewarned that Bangladesh's heightened external vulnerability and liquidity risks stay persistent, and together with institutional weaknesses uncovered during the ongoing crisis, the sovereign's credit profile remained as before in B1 grade. According to US-based Fitch Ratings, Bangladesh has improved its reserves transparency with the adoption of the IMF definitions in June following credit negotiations.

<https://thefinancialexpress.com.bd/economy/bangladesh/reserves-decline-may-invite-negative-credit-ratings>

EIU puts Bangladesh after Pakistan, Sri Lanka in financial risk

- In Asia, Bangladesh is just behind Pakistan and Sri Lanka in terms of financial risk, signifying the potential for investment or business ventures to incur losses, according to the Economist Intelligence Unit (EIU). Regarding the assessment of external financing requirements, the London-based unit forecasts that Bangladesh's foreign exchange reserves may fall short by as much as 60% in meeting these requirements. According to the EIU report, Bangladesh's public debt to GDP ratio is forecasted to be moderately good, at less than 40% in FY24.

<https://thefinancialexpress.com.bd/economy/bangladesh/eiu-puts-bangladesh-after-pakistan-sri-lanka-in-financial-risk>

Thrust on taking tough action against illegal forex transactions

- A high-profile meeting on Thursday suggested taking tough action against illegal hundi, online gambling, betting, forex, and crypto currency trading as they have been impacting the economy adversely. Heads of the MFS providers were present at the meeting at Bangladesh Bank, presided over by Masud Biswas, head of the Bangladesh Financial Intelligence Unit (BFIU). The chiefs of the MFS providers assured the meeting that they would strengthen the KYC (Know Your Clients) to help prevent such illegal transactions. They would also launch campaigns to inform people about the adverse impact of such illegal transactions on the economy.

<https://thefinancialexpress.com.bd/economy/bangladesh/thrust-on-taking-tough-action-against-illegal-forex-transactions>

Hike in bank interest rates likely

- Prime Minister's Private Industry and Investment Adviser Salman F Rahman hinted at the possibility of increase in the bank interest rates in the coming days as such rates have already gone up globally. He, however, said the interest rates in Bangladesh will decline, once if the same decreases internationally. He also admitted that the country's businesses faced harassment by National Board of Revenue (NBR) in different times. However, Mr Rahman hoped that exiting tax reform measures will help end such harassment in the coming days.

<https://thefinancialexpress.com.bd/economy/bangladesh/hike-in-bank-interest-rates-likely>

Apparel shipment to US plunges 20% in Jan-Jul

- Bangladesh's apparel shipments to the US declined 19.82% year-on-year in the January-July period this year in spite of a gradual improvement in retail sales. In 2023, work orders globally have been coming about slowly because of the volatile economic situation and the situation is improving gradually, said Faruque Hassan, president of the BGMEA.
- The good sign is that the prices of locally made garment items going to the US have increased by 12.99% year-on-year to USD 3.26 per unit this year. Among all other competing countries, Bangladesh's exports to the US fared comparatively better.

<https://www.thedailystar.net/business/economy/news/apparel-shipment-us-plunges-20-jan-jul-3413636>

Private sector credit growth drops to single digit

- The private sector credit growth in Bangladesh nosedived to single digit in July as both banks and borrowers face multiple challenges amid lingering economic uncertainty at home and abroad and the growing political crisis centring next year's national elections.
- A tight liquidity situation in the banking sector, falling trend of the opening of letters of credit (LCs), volatility in the foreign exchange market, slow deposit growth, and lacklustre loan recovery pushed down the credit growth, said bankers. The private sector credit growth is projected at 11% at the end of FY24.

<https://www.thedailystar.net/business/economy/news/private-sector-credit-growth-drops-single-digit-3413641>

Buyer's credit contracts, cuts industrial output

- Buyer's credit taken by private sector slides largely for gradual but significant fall in import of capital machinery amid forex dearth, sources said. Economists and analysts see this downward cycle as one reason for an inexorable volatility on the domestic market apart from alleged manipulation of the supply chain. According to the statistics of Bangladesh Bank (BB), the volume of buyer's credit was USD 8.91 Bn in January 2023.

<https://thefinancialexpress.com.bd/economy/bangladesh/buyers-credit-contracts-cuts-industrial-output>

Initiative to ease import release limps

- In nearly a decade, there has been little progress in allowing businesses with a good track record to have their imports released quickly from ports under a special arrangement. The customs authorities said the companies failed to meet NBR's conditions, including using the designated VAT software, which ensures accounting transparency.
- According to the World Bank Logistic Performance Index (LPI) 2018, Bangladesh is behind all its major competitors, including China, Vietnam, India and Cambodia. Again, the country has performed the worst in customs clearance among the six LPI indicators. Experts blame a lack of preparation for the failure to meet the expected success.

<https://www.tbsnews.net/economy/initiative-ease-import-release-limps-696190>

Islamic banks' excess liquidity drops 88% amid deposit concerns

- Excessive liquidity held by 10 Islamic banks in the country declined by about 88% to BDT 24.93 Bn at the end of June this year as compared to the same period a year ago. Nonetheless, the volume of excess liquidity in these banks saw an upsurge of about BDT 5 Bn in the April-June period of this year compared to the previous March quarter. According to a report from the central bank, deposits in Islamic banks increased by approximately BDT 157 Bn in the past year as of June, while these banks disbursed loans or investments exceeding BDT 390 Bn.

<https://www.tbsnews.net/economy/banking/islamic-banks-excess-liquidity-drops-88-amid-deposit-concerns-696858>

After 13 years, Sirajganj BSCIC industrial park awaits another extension

- The construction of the BSCIC Industrial Park in Sirajganj began in 2010 with a four-year deadline, but it has not yet been completed even after several extensions in time and costs. According to the project officials, only due to the negligence of the contractor in the construction of the drain has the progress of the industrial park been hampered.
- The BSCIC is constructing the industrial park three kilometres away from Sirajganj district town along the banks of the Jamuna River with the aim of providing employment to at least 0.1 Mn people. According to BSCIC officials, the project hit a snag at the beginning, and construction could not begin by 2014. Then the deadline was extended till 2015, and the cost was increased to BDT 4.90 Bn.

<https://www.tbsnews.net/economy/industry/after-13-years-sirajganj-bscic-industrial-park-awaits-another-extension-697266>

Stocks:**WALTONHIL | Walton declares 300% cash dividend despite profit dropped over 35%**

- Country's electronic manufacturing giant Walton High Tech declared a 300% cash dividend to its general shareholders for the fiscal year 2022-23 despite the company suffering a 35% loss in profit than the previous year. Its sponsors and directors decided to get a 90% cash dividend for the last fiscal.
- According to its disclosure, Walton's earnings per share was BDT 25.84 in FY 2022-23, which was BDT 40.16 a year ago. The company said, global economic pressure and currency fluctuation eats its profit in the last fiscal year. It incurred a loss over BDT 4.5 Bn only for taka devaluation.

<https://www.tbsnews.net/economy/stocks/walton-declares-300-cash-dividend-despite-profit-dropped-over-35-696714>

UNIONCAP | Loss-making Union Capital unable to pay dividends for years

- Union Capital Ltd, which posted profits for more than a decade after its listing in 2007, has been incurring losses for years and is unable to pay any dividends to its shareholders. According to its financial statements, the non-bank financial institution (NBFI) ended its 12-year winning streak in 2019 and plunged into losses, with the trend persisting into the first half of this year. Union Capital posted a consolidated loss of BDT 2.06 Bn in 2022, the highest in its history. The loss stood at BDT 1.38 Bn in 2021.

<https://www.tbsnews.net/economy/stocks/loss-making-union-capital-unable-pay-dividends-years-697658>

WMSHIPYARD | Western Marine Shipyard put on auction

- Western Marine Shipyard Limited, listed on the capital market, has been put on auction as the export-oriented ship builder could not pay back money to its lender Dhaka Bank Limited. According to the auction notice, Western Marine took three loans from Chattogram Agrabad branch of Dhaka Bank in 2012. Its mother company Western Marine Services Limited mortgaged its office space and a cruise ship as collateral for the loans. As of 29 August 2023, Western Marine owed the Dhaka Bank around BDT 940 Mn including interests.

<https://www.tbsnews.net/economy/stocks/western-marine-shipyard-put-auction-697654>

MEGCONMILK, MEGHNA PET | Two Meghna Group concerns out of operations for a long time

- Two listed Meghna Group KA companies — Meghna Condensed Milk Industries Limited and Meghna PET Industries Limited — have informed that they have not been in operations for a long time. In the disclosures, Meghna Condensed Milk said it has been off production for three years, while Meghna PET has not mentioned a specific period. In December 2021, the DSE, after an inspection, found the factories of the two firms closed. Both the companies released their financial statements and held AGMs regularly but did not inform investors about the factory shutdown.

<https://www.tbsnews.net/economy/stocks/two-meghna-group-concerns-out-operations-long-time-696710>

ZEALBANGLA, SHYAMPSUG | State-run, loss-making sugar mills: What's the way out for retail investors?

- Two government sugar manufacturers' liabilities surpassed the value of their assets while the stocks on the Dhaka Stock Exchange have become tools of gamble. The non-performing sugar mills have huge swaths of land, but the assets mean nothing to stock investors if they do not get any return. The securities regulator has restructured the boards of many non-performing companies, but is yet to reconstitute the boards of the listed sugar mills.

<https://thefinancialexpress.com.bd/stock/bangladesh/state-run-loss-making-sugar-mills-whats-the-way-out-for-retail-investors>

SBACBANK | SBAC Bank CEO resigns

- Habibur Rahman, managing director and CEO of the South Bangla Agriculture and Commerce (SBAC) Bank, has resigned from his post citing personal reasons. Rahman submitted the resignation letter to the chairman of the bank through the bank's Company Secretary Md Mokaddess Ali on September 7. Rahman joined the bank as MD and CEO in December last year for a three-year tenure.

<https://www.thedailystar.net/business/news/sbac-bank-ceo-resigns-3414816>

EXCHANGE | Margin loans hit pockets of investors

- The Bangladesh Securities and Exchange Commission (BSEC) introduced the floor price in July last year to halt the freefall of the indexes amid global economic uncertainties brought on by the war between Russia and Ukraine. The exact volume of margin loans in the stock market is hard to come by. A number of officials of the DSE and the BSEC put the figure at BDT 150 Bn. The interest rate on margin loans was 12% to 14% a couple months ago and it now stands at 15% to 17%. The current situation is hurting brokerage firms and merchant banks as well.

<https://www.thedailystar.net/business/economy/stock/news/margin-loans-hit-pockets-investors-3414976>

EXCHANGE | DSE plans to get green garment factories listed

- Dhaka Stock Exchange (DSE) is planning on wooing garment factories which adopted environment-friendly practices to get listed so that the opportunity to invest in good stocks arises while the factories can diversify their financing portfolio. At present 58 companies are listed in the textile category with the DSE. Of them, eight companies are categorised as junk stocks due to their lacklustre performance. Currently, Bangladesh is home to 9 out of the 10 top "green" industrial units worldwide.

<https://www.thedailystar.net/business/economy/stock/news/dse-plans-get-green-garment-factories-listed-3413646>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 87.51	USD 12.30	16.35%
Crude Oil (Brent)*	USD 90.65	USD 12.87	16.55%
Gold Spot*	USD 1,919.08	USD 144.93	8.17%
DSEX	6,307.08	100.08	1.61%
S&P 500	4,457.49	617.99	16.10%
FTSE 100	7,478.19	26.45	0.35%
BSE SENSEX	66,598.91	5,758.17	9.46%
KSE-100	46,077.39	5,656.94	14.00%
CSEALL	11,466.07	2,963.58	34.86%

Exchange Rates**1 US Dollar = 109.60 BDT****1 GBP = 136.62 BDT****1 Euro = 117.31 BDT****1 INR = 1.32 BDT**

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