

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:**0.75 Mn find jobs abroad in seven months**

- Bangladesh sent about 0.75 Mn workers abroad in the seven months of the current calendar year. The outflow of workers rose by more than 10% in July compared to the manpower export in June, official statistics showed. About 125,850 Bangladeshis found jobs abroad in July and 114,175 in June, the data also revealed.
- Of the total outflow of workers in the last seven months, the highest 36% went to Saudi Arabia. Malaysia came second as it hired over 29% followed by Oman with 12%. Bangladesh sends workers to mainly 20 countries. Sources say if the trend of hiring workers by Malaysia continues, the sector may fetch about 1.4 Mn overseas jobs this year.

<https://thefinancialexpress.com.bd/economy/bangladesh/075m-find-jobs-abroad-in-seven-months>

S Korean firm to invest USD 8.62 Mn in Bepza economic zone

- Dongwoo BD Ltd, a South Korean company, is going to set up a shoe accessories manufacturing industry inside Bepza Economic Zone (EZ) with an investment of USD 8.62 Mn. This fully foreign-owned company will annually produce 3.6 Mn metres of all kinds of PU (polyurethane) synthetic leather, according to a statement of Bangladesh Export Processing Zones Authority (Bepza). The manufacturing industry will also create employment opportunities for 513 Bangladeshi nationals, it said.

<https://www.thedailystar.net/business/news/s-korean-firm-invest-862-million-bepza-economic-zone-3393426>

7 new industrial parks, centred on Padma Bridge, planned in southern districts

- The Bangladesh Small and Cottage Industries Corporation (Bscic) plans to set up seven large industrial estates in the country's southern region over the next three years, banking on the improved communication system made possible by the Padma Bridge. As part of the plan, between 2023 and 2026 the corporation will invest BDT 80 Bn from government funds to build these establishments on 2,000 acres of land in Faridpur, Jashore, Madaripur, Narail, Magura, Shariatpur and Pirojpur, with a target of creating 1.4-1.5 Mn fresh jobs.
- According to the Bscic, if these projects are implemented, light engineering, food and food processing, textile, forestry, jute and jute products, glass and ceramics, paper, printing and board, tannery, leather, rubber, chemical and pharmaceutical industry, and automobile industries will boom in the southern region.

<https://www.tbsnews.net/bangladesh/infrastructure/7-new-industrial-parks-centred-padma-bridge-planned-southern-districts>

Card transactions hit all-time high

- ATM, POS, CRM and e-commerce transactions through cards rose 15% month-on-month to BDT 485.9 Bn in June, according to the latest data of Bangladesh Bank. Transactions through debit cards increased by 16% to BDT 453.84 Bn at the same time.
- On the other hand, spending through credit cards saw a slight drop. Credit card transactions dropped by 0.34% month-on-month in June to BDT 25.83 Bn. According to industry people, there is a correlation between the surge in card-based e-commerce spending and the timing of Eid.

<https://www.thedailystar.net/business/economy/news/card-transactions-hit-all-time-high-3393621>

Digital fabrics development aiding exports

- Bureau 555, a joint venture between two entrepreneurs of Bangladesh and the United Kingdom, has been facilitating garment exports through the country's first digital fabrics development facility in Gulshan, Dhaka. The facility aims to deliver quick testing reports on fabrics for international clothing retailers and brands.
- Recently, Bureau 555 joined Germany's DMLx as a strategic partner. The company has been charging USD 35 for scanning a yard of fabrics and USD 75 for scanning and testing the result of samples, Mahmud said. Currently four international clothing retailers and brands are clients of the company.

<https://www.thedailystar.net/business/economy/news/digital-fabrics-development-aiding-exports-3393631>

Cut interest tax from mutual funds' deposits

- Bangladesh Bank in a circular yesterday directed scheduled banks to follow a National Board of Revenue (NBR) clarification to cut source tax on the interest income or profit of mutual funds from associated fixed deposits with the banks. The banks will have to cut the source tax on the interest income or profit from the fixed deposits of mutual funds, regardless of what is stated in any other circular or income tax law of 2023, said the revenue authority. The NBR provided the clarification against a letter from Agrani Bank in this regard and requested the central bank to direct all the banks to follow the same.

<https://www.thedailystar.net/business/economy/news/cut-interest-tax-mutual-funds-deposits-3393476>

BTMA seeks VAT cut on textile wastage

- Leaders of the country's primary textile millers have demanded withdrawal of two-stage VAT on the purchase of textile wastage from local sources and recycled cotton yarn from the wastage. Bangladesh Textile Mills Association (BTMA) in a letter last week also urged the National Board of Revenue (NBR) to introduce a new Harmonized System (HS) Code for recycled cotton fibre to avert complexities over VAT and supplementary duty on the products.
- According to the BTMA, currently recycling industries need to pay 7.5% VAT while purchasing textile wastage from the local vendors and 15% VAT is applicable for selling recycled fibre or cotton produced from that wastage to spinning mills. According to industry insiders, the readymade garment industry produces around 0.4-0.5 Mn tonnes of waste annually and only 5.0% is recycled locally.

<https://thefinancialexpress.com.bd/economy/bangladesh/btma-seeks-vat-cut-on-textile-wastage>

Number of bank branches keeps rising

- The number of bank branches in Bangladesh rose to 11,212 in June 2023, up 2.11% year-on-year, according to central bank data. The growth trend has been on the rise for the past three years. In June 2020, the year-on-year growth was 2.90% while it was 1.72% in 2021. In October 2022, branches of banks in Bangladesh went past the 11,000-mark for the first time.

<https://www.thedailystar.net/business/economy/news/number-bank-branches-keeps-rising-3393616>

Idcol declares BDT 1.2 Bn dividend

- Infrastructure Development Company Ltd (Idcol) declared a dividend of BDT 1.2 Bn, including BDT 700 Mn in cash, for fiscal year 2022-23 at its 26th annual general meeting recently. Facilitating adoption of renewable energy technologies and promoting energy efficiency, the company's profit before tax and provision was BDT 6.99 Bn.

<https://www.thedailystar.net/business/economy/news/idcol-declares-tk-120cr-dividend-3393551>

Govt should allow duty-free import of gold

- The government should facilitate the gold sector's growth by allowing duty free imports through private sector entrepreneurs, said noted economist Ahsan H Mansur yesterday. The growth never came about for preconceptions prevailing for long of gold being associated with smuggling and being meant only for the rich, he said.
- According to him, drives of customs intelligence unit on illegal inflows yield little revenue. To generate a bigger amount of revenue, the government could instead charge value added tax of 3% to 5% on sales following the duty-free imports, he said.

<https://www.thedailystar.net/business/economy/news/govt-should-allow-duty-free-import-gold-3393486>

Taka fell 13.3% vs dollar in 2022: BB

- Bangladesh's currency taka depreciated by 13.3% against the US dollar in 2022, said Financial Stability Report 2022 of Bangladesh Bank. The interbank exchange rate stood at BDT 85.80 per US dollar on January 2 last year whereas BDT 105.40 on December 1. Yesterday it was BDT 109.50. In spite of the taka's depreciation, Bangladesh Bank had pumped USD 13.50 Bn from its reserves to cool down the foreign exchange market.

<https://www.thedailystar.net/business/economy/news/taka-fell-133-vs-dollar-2022-bb-3393651>

Local banks have lowest capital base in South Asia

- Banks in Bangladesh were bottom-ranked in 2022 among South Asian lenders when it comes to capital base, owing largely to rising non-performing loans. According to the Bangladesh Bank's Financial Stability Report 2022, local banks maintained a capital adequacy ratio (CAR) of 11.83% last year. Although the capital base of banks has continued to rise, it is still lower than the lenders in the neighbouring countries. A central banker says local banks maintained the lowest capital base in the region due to the capital shortfall of a dozen of banks, including state-run lenders. The capital base of private banks and foreign banks is in good shape.

<https://www.thedailystar.net/business/economy/news/local-banks-have-lowest-capital-base-south-asia-3393666>

Banking Sector: Risky loans stand at BDT 3.78 Tn

- The banking sector's total risky loans amounted to BDT 3.78 Tn at the end of last year, in a development that makes for a sobering reading of the actual health of this vital sector of the economy. At the end of 2022, the banking sector's NPL stood at BDT 1.2 Tn, outstanding rescheduled loans BDT 2.12 Tn and outstanding written-off loans BDT 444.93 Bn. 80.8% of the rescheduled loans remained unclassified for the same period.

<https://www.thedailystar.net/news/bangladesh/news/banking-sector-risky-loans-stand-tk-377922cr-3393496>

Deposit growth plunges in Islamic banks

- Deposit growth of shariah-based banks in Bangladesh plunged in 2022 mainly due to lower confidence among savers. Deposit growth of the Islamic banks dropped to 2.9% in 2022 while it was 20.1% the previous year, according to the Financial Stability Report 2022 of Bangladesh Bank.
- A top official of a leading shariah-based bank, preferring anonymity, said fear was created among savers when a number of negative news came on various shariah-based banks. The report says the performance of Islamic banks improved in 2022 in terms of efficiency and capital adequacy indicators compared to 2021.

<https://www.thedailystar.net/business/economy/news/deposit-growth-plunges-islamic-banks-3393641>

Rising NPLs in the manufacturing sector raise concerns: BB report

- The manufacturing sector continues to grapple with a significant concentration of nonperforming loans (NPLs) compared to other sectors, according to a report by the Bangladesh Bank.
- The report reveals that the NPL share in the manufacturing sector stands notably high at 55.10%, surpassing all other sectors. Additionally, this sector claims a substantial portion of the banking industry's loans, accounting for 49.27%, as indicated in the BB's Financial Stability Report 2022, released on Sunday. The report highlights that the gross NPL ratio of 9.13% within the manufacturing sector exceeds the industry average of 8.16%.

<https://www.tbsnews.net/economy/banking/rising-npls-manufacturing-sector-raise-concerns-bb-report-681858>

BB funds get costlier for exporters

- The Bangladesh Bank has raised the interest rate for the loans secured from the Export Facilitation Pre-finance Fund (EFPF) and the refinance scheme for pre-shipment credit as part of its efforts to make rates market-based. Customers will avail loans from the EFPF at a 5% interest rate, up from 4% previously, said the BB in a notice yesterday. Banks will pay a 2% interest instead 1.5% to borrow funds from the central bank.
- In January, the BB introduced the BDT 100 Bn EFPF in order to help exporters revive their businesses. Exporters will have to use the funds to import raw materials. The interest rate of pre-shipment credit increased to 5% from 3.5% at the end-borrower level, the central bank said in a separate notice.

<https://www.thedailystar.net/business/economy/news/bb-funds-get-costlier-exporters-3393636>

Why foreign banks shun stock market

- Nine foreign banks operating in Bangladesh hardly invest in the stock market owing largely to irregularities, speculation-driven investments and an inadequate number of well-performing companies that have gone public. They also don't feel confident about the stock market and trust the financial reports of the listed companies.
- Thus, multinational banks' combined investment in the capital market stood at BDT 42.5 Mn in 2022, which accounted for 0.02% of the total holdings in the stock market of the entire banking sector. Another tendency that keeps multinational banks at bay is the dominance of weak firms when it comes to trading.

<https://www.thedailystar.net/business/economy/news/why-foreign-banks-shun-stock-market-3393671>

Developments in BD may prove double-edged due to deflation in China

- The sluggish economic situation in China may help stimulate to some extent the manufacturing sector of Bangladesh that largely depends on raw materials and intermediate goods from the world's second largest economy. Most of the local industrial outputs both for exports and domestic markets are based on imported inputs mainly from China.
- China is now the largest import destination for Bangladesh as the country's manufacturing sector largely depends on imported raw materials and intermediate goods from China. The deflation in the Chinese economy indicates a slowdown of industrial outputs, which would have an impact on the availability and prices of Chinese products. So it might raise the import costs by creating a scarcity of goods. There is another flip side that once China starts aggressive marketing the local clothing sector may face troubles.

<https://thefinancialexpress.com.bd/economy/bangladesh/developments-in-bd-may-prove-double-edged-due-to-deflation-in-china>

Real estate business in trouble

- Housing business still stays sluggish mainly for higher costs of property and lower purchasing power of people, as Bangladesh has yet to see tangible economic pickup. Sector-insiders attribute this stunted growth in real estate to an exorbitant rise in flat prices also because of the persistently higher prices of building materials, in the wake of lingering global crises.
- The prevailing higher cost of living for price rises is also contributing to this slowdown in the housing business, according to them. The Real Estate and Housing Association of Bangladesh (REHAB) disclosed that flat sales fell to 10,000 units in fiscal year (FY) 2022-23 from 15,000 units in 2020-21 and 2021-22 each. The industry sources believe the ongoing economic slowdown is taking a further toll on the sector, thus causing many smaller companies to go bust.

<https://thefinancialexpress.com.bd/economy/bangladesh/real-estate-business-in-trouble>

Stocks:**POPULARLIF | Popular Life recommends 38% cash dividend for 2022**

- Popular Life Insurance Company, a third-generation life insurer in the country, has recommended a 38% cash dividend for its shareholders for 2022. In a disclosure published on the stock exchanges website, the insurer reported earnings per (EPS) at BDT 3.8. In 2021, its EPS was also BDT 3.8. According to disclosure, the net asset value (NAV) per share declined to BDT 92.68, which was BDT 109.15 in 2021.

<https://www.tbsnews.net/economy/stocks/popular-life-recommends-38-cash-dividend-2022-681662>

MIRAKHTER | Mir Group takes BDT 100 Mn loan to bolster its green moves

- Mir Concrete Products, a sister concern of Mir Group, has recently taken a loan of BDT 100 Mn from a financial institution United Finance to make their production capacity of green products bigger. The company has signed a MoU with United Finance regarding the loan today on 13 August. Mir Concrete Products has been sanctioned the five-year termed Finance Facility with as low as 5.5% interest rate

<https://www.tbsnews.net/economy/mir-group-takes-tk10-crore-loan-bolster-its-green-moves-681898>

MIDLANDBNK | Midland Bank, NEC Money sign deal on remittance service

- Midland Bank Ltd signed an agreement with NEC Money Transfer Ltd, a UK-based Global Money Transfer Company, enabling the former to disburse hard earned remittances of NRBs living in different parts of the world from its branches and agent banking centres through NEC Money. NEC Money Transfer is a Bangladeshi-owned fin-tech based remittance transfer company, which is widely known among Bangladeshi expatriates in the UK, Italy, South Africa, UAE, Australia, Canada and other EU countries.

<https://www.thedailystar.net/business/economy/news/midland-bank-nec-money-sign-deal-remittance-service-3393541>

AL-HAJTEX | BSEC to act against Alhaj Textile's MD for providing false information

- The stock market regulator is going to take action against Md Bakhtertiar Rahman, the managing director (MD) at Alhaj Textile Mills Ltd, for providing false information to the bourses. In a recent meeting, the Bangladesh Securities and Exchange Commission (BSEC) also decided to take action against the Dhaka Stock Exchange (DSE) official responsible for posting false information about Alhaj Textile's board reform on the DSE website without verifying.
- According to BSEC sources, Alhaj's MD has violated a number of laws and provided information about the company that are misleading. Earlier, the commission removed three of the company's five independent directors including its Chairman Khondoker Kamaluzzaman.

<https://www.tbsnews.net/economy/stocks/bsec-act-against-alhaj-textiles-md-providing-false-information-681950>

ICB | ICB Capital looks to overcome problems in listing of 13 state-run cos

- ICB Capital Management is likely to organise a workshop this month to gauge possible solutions to problems that hinder the listing of state-owned companies on the bourses. The issue manager is currently prioritising 13 companies, including national flag bearer Biman Bangladesh Airlines, for listing in the stock market from a list of 29 companies prepared in March.
- The workshop is expected to discuss possible dividend policy and other measures that can expedite the process of listing of the 13 companies, said chief executive officer of ICB Capital Management Mrs Mazedha Khatun. The Bangladesh Securities and Exchange Commission (BSEC) sent a list of 29 state-owned companies to the Prime Minister's Office (PMO) in March seeking its intervention for speeding up the listing of the companies.

<https://thefinancialexpress.com.bd/stock/bangladesh/icb-capital-looks-to-overcome-problems-in-listing-of-13-state-run-cos>

HRTEX | Two garment factories of Pride Group closed amid worker unrest

- The authorities of Pride Group have announced the closure of two garment factories in Savar until August 31st in the face of workers' protest over outstanding arrears. The closure of the two factories has been attributed to various ongoing issues and recent disruptions beyond the control of the factory owner, as explained in the notice.
- The notice also mentioned that all outstanding wages for the workers for July will be paid before the factory reopens. BGMEA Vice President Md Nasir Uddin mentioned that every garment factory is facing financial challenges due to the global markets not being in good shape.

<https://www.tbsnews.net/economy/rmg/two-garment-factories-pride-group-closed-681878>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 82.88	USD 7.67	10.20%
Crude Oil (Brent)*	USD 86.48	USD 8.70	11.19%
Gold Spot*	USD 1,911.90	USD 137.75	7.76%
DSEX	6,287.81	80.81	1.30%
S&P 500	4,464.05	624.55	16.27%
FTSE 100	7,524.16	72.42	0.97%
BSE SENSEX	65,322.65	4,481.91	7.37%
KSE-100	48,442.58	8,022.13	19.85%
CSEALL	11,596.16	3,093.67	36.39%

Exchange Rates**1 US Dollar = 109.70 BDT****1 GBP = 138.02 BDT****1 Euro = 119.96 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