

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:**Surcharge-free limit of wealth likely to rise**

- The government may increase the threshold of surcharge-free net wealth from the coming fiscal year 2023-24 beginning from July – a plan that is likely to reduce the pressure of tax on the upper middle-income people. At present, an individual does not have to pay any surcharge on net wealth of up to BDT 30 Mn. The ceiling may rise to BDT 40 Mn, said a senior finance ministry official. The National Board of Revenue (NBR) had increased the ceiling to BDT 30 Mn from BDT 25 Mn three years ago.

<https://www.thedailystar.net/business/economy/news/surcharge-free-limit-wealth-likely-rise-3321211>

Disability allowance may go up

- The allowance for people with physical impairments may be increased through the next budget for fiscal year 2023-24, Planning Minister MA Mannan said yesterday. No other allowance will be increased, he quoted Prime Minister Sheikh Hasina as saying. Addressing an event organised by the Citizen's Platform for SDGs, Bangladesh at Bangabandhu International Conference Centre in Dhaka, Mannan said, "It is just a support for them, not payment. It would be a tool to change their situation."

<https://www.thedailystar.net/business/economy/news/disability-allowance-may-go-3321196>

BB cash funneling mitigates banks' liquidity crunch

- Generous devolvement of Bangladesh Bank on risk-free government securities like treasury bills and treasury bonds has gone up remarkably, helping ease banks' liquidity stress, but with downside risks. As BB officials sing success of the monetary intervention in the money market in the crunch time, economists strike a bit different note as they anticipate further strokes to inflation-meaning price rises on the already-overheated market.
- According to the statistics of BB, the grand total of devolvement on treasury bills and bonds by BB had stood at BDT 1.07 Tn up to May 2023 of this fiscal year while primary dealers who participate in the auction made devolvement on only treasury bills amounting to BDT 21.07 Bn.

<https://thefinancialexpress.com.bd/economy/bangladesh/bb-cash-funneling-mitigates-banks-liquidity-crunch>

Owning flat, land to get costlier as gain tax increase planned

- Owning property may become costlier in the next fiscal year as the government moves to increase the gain tax, while benefits may be given to some specific electronics items to encourage local manufacturing, according to finance ministry officials. Also, local manufacturers of refrigerators, freezers, and their compressors are likely to continue benefiting from the current duty rebate for an additional year.
- Currently, the total gain taxes and fees on buying flats and plots amount to 10-12.5%, which may increase by 1-2% in the upcoming national budget according to the sources in the National Board of Revenue (NBR). However, real estate businessmen say there is currently a downtrend in the housing sector due to the economic slowdown. If the tax is increased again, sales in this sector will further decrease, which will have a negative impact on the economy.

<https://www.tbsnews.net/economy/budget/owning-flat-land-get-costlier-gain-tax-increase-planned-632438>

Bangladesh poised to fall short on tax-GDP ratio

- Bangladesh may fall short on the International Monetary Fund (IMF) lending condition regarding domestic revenue mobilization for long neglecting fundamental reforms required for raising the tax-GDP ratio through economic vibrancy, economists say.
- The reforms should have been carried out 15 to 20 years ago to avoid current poor state of tax-GDP ratio down to 7.4% in the fiscal year 2023 from 7.9% last year, the economists at the Policy Research Institute (PRI) said Sunday. Without carrying out fundamental reforms in revenue administration, including separation of tax-policy wing from enforcement, there is little hope to increase the country's tax-GDP ratio, they opined.

<https://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-poised-to-fall-short-on-tax-gdp-ratio>

April saw highest BDT 296.97 Bn govt borrowing from banks in FY23

- As the fiscal year draws to a close, the government is turning to banks, especially the central bank, to secure funds to cover its expenses amid a decline in revenue collection. Data from the Bangladesh Bank shows that the government borrowed BDT 296.97 Bn from banks in April, the highest amount borrowed in a single month during the fiscal 2022-23. In March, the borrowing was BDT 177.7 Bn, while in February, it was BDT 68.03 Bn.
- According to the Bangladesh Bank, from July to April in FY23, the government borrowed a total of BDT 820.57 Bn from the banking system, and around 80% of this fund was provided by the central bank. It is worth noting that when a central bank lends money to the government by printing additional currency, it is referred to as high-powered money, which can potentially result in higher inflation.

<https://www.tbsnews.net/economy/banking/april-saw-highest-tk29697cr-govt-borrowing-banks-fy23-632434>

Juggling revenue gaps and spending obligations in an election year budget

- The Bangladeshi economy continues to grapple with macroeconomic stress. These challenges began surfacing domestically when imports spiked due to pent-up demand in the wake of economic recovery after the Covid-19 shock. The rising value of the US dollar across the world exacerbated the situation. The Russia-Ukraine conflict further contributed to the strain by disrupting supply chains and escalating global commodity prices, which in turn made imports even more expensive.
- As of July 2022, the gross foreign exchange reserve was at a robust USD 39.6 Bn. However, it experienced a significant reduction over the year, dropping to USD 30.34 Bn by May 8, 2023. Inflation also saw a sharp rise, peaking at 9.5% in August 2022 and maintaining an average of 8.9% over the subsequent 10 months, overshooting the annual target by 3.5%. On the other hand, remittances accumulated from July 2022 to April 2023 amounted to USD 17.72 Bn. Projections from PRI Study Center on Domestic Resource Mobilisation (PRI-CDRM) suggest that by the close of the current fiscal year, the total remittance earnings will amount to USD 21.26 Bn. However, this figure still falls short by USD 6.10 Bn of the revised remittance target outlined in the Monetary Policy Statement.

<https://thefinancialexpress.com.bd/economy/bangladesh/juggling-revenue-gaps-and-spending-obligations-in-an-election-year-budget>

Stocks:**BATASHOE | Bata Shoe profit nearly doubles**

- Bata Shoe Company (Bangladesh) Limited's profit surged 98.80% year-on-year to BDT 136.3 Mn in the first quarter of 2023, riding on higher revenue growth. The profit stood at BDT 68.5 Mn in the same January-March quarter of 2022. Thus, earnings per share rocketed to BDT 9.96 in January-March against BDT 5.01 in the identical three-month period of 2022, according to the unaudited financial statements. The EPS increased significantly driven by revenue growth, especially due to school and winter seasonal businesses and other promotional activities, said the multinational company in a filing on the Dhaka Stock Exchange.

<https://www.thedailystar.net/business/economy/news/bata-shoe-profit-nearly-doubles-3321166>

IFIC | IFIC Bank's profit jumps over 94% in Jan-Mar

- Subsidiary companies' earnings boosted IFIC Bank's net profit by 94% in the January-March quarter of 2023. During the first quarter of this year, its earnings per share were BDT 0.35, which was BDT 0.18 a year ago at the same time. The company explained in its statement filed on the stock exchanges that the profit increase compared to the previous quarter was due to the better performance of one of the subsidiaries.

<https://www.tbsnews.net/economy/stocks/ific-banks-profit-jumps-over-94-jan-mar-632046>

UCB | UCB's profit jumps 37% in Q1

- The private commercial lender made a profit of BDT 337.5 Mn in the identical January-March quarter of 2022. The consolidated earnings per share rose to BDT 0.33 for January-March from BDT 0.24 during the same period last year, the unaudited financial statements showed. The consolidated net operating cash flow per share surged to BDT 16.28 from a negative BDT 6.17. The consolidated net asset value per share advanced to BDT 28.91 on March 31 this year from BDT 26.82 a year earlier.

<https://www.thedailystar.net/business/economy/news/ucbs-profit-jumps-37-q1-3321101>

ALARABANK | Al-Arafah Islami Bank's profit drops 60% in first quarter

- Al-Arafah Islami Bank's net profit has dropped over 60% in the first quarter of this year compared to the same period of the previous year. During the January-March quarter of 2023, its earnings per share came down to BDT 0.19 from BDT 0.48. The bank said in its statement that earnings per share have dropped due to a decrease in net investment income and an increase in operating expenses compared to the previous corresponding period.

<https://www.tbsnews.net/economy/stocks/al-arafah-islami-banks-profit-drops-60-first-quarter-632078>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 71.41	(USD 3.80)	-5.05%
Crude Oil (Brent)*	USD 75.56	(USD 2.22)	-2.85%
Gold Spot*	USD 2,016.24	USD 242.09	13.65%
DSEX	6,260.10	53.10	0.86%
S&P 500	4,136.28	296.78	7.73%
FTSE 100	7,777.70	325.96	4.37%
BSE SENSEX	62,345.71	1,504.97	2.47%
KSE-100	41,716.26	1,295.81	3.21%
CSEALL	8,906.20	403.71	4.75%

Exchange Rates**1 US Dollar = 107.88 BDT****1 GBP = 135.15 BDT****1 Euro = 117.37 BDT****1 INR = 1.31 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
Anika Mafiz	Research Analyst	anika.mafiz@bracepl.com	01708 805 206
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
Md. Tanvir Ahmed	Research Associate	mtanvir.ahmed@bracepl.com	01708 805 201
Syed Tawsifuzzaman	Research Associate	s.tawsifuzzaman@bracepl.com	01708 805 202

International Trade and Sales

Ahsanur Rahman Bappi	Chief Executive Officer	bappi@bracepl.com	01730 357 991
----------------------	-------------------------	--	---------------

For any queries or services, you can reach us at care@bracepl.com or hotline **16285**.