

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:**Leather footwear exporters can now apply for over 5% discounts**

- Exporters can now apply to the Discount Committee of the central bank for more than 5% discounts against the export of leather footwear goods. The Foreign Exchange Policy Department of the Bangladesh Bank issued a circular in this regard on Sunday.
- The move will help exporters offset the loss of export proceeds they often incur by offering buyers discounts of more than 5% prescribed in the Guidelines for Foreign Exchange Transactions. A senior official of the central bank told The Business Standard that all cases involving discount claims made by buyers due to document discrepancies, short shipment, conservative arrest, or quality issues concerning the shipment of readymade garments, leather, and leather goods should be forwarded to the Discount Committee of the central bank for review.

<https://www.tbsnews.net/economy/leather-footwear-exporters-can-now-apply-over-5-discounts-666374>

BB raises Digital Nano Loan fund to BDT 5 Bn

- The Bangladesh Bank (BB) has increased the fund of the 'Digital Nano Loan' to BDT 5.0 Bn from BDT 1.0 Bn. The central bank has raised the fund to increase the financial inclusion of marginalised people amid meet the growing demand of digital nano loan in the country, as per a BB circular issued on Sunday.
- The other purposes of the fund are to encourage and habituate the marginalised people to do digital transaction, and enhance the progress of building "Smart Bangladesh", it said. The BDT 1.0 Bn refinance scheme was introduced on July 2 last year, reports BSS. Participating banks of the refinance scheme will be able to disburse loans amounting BDT 5.0 Bn to BDT 50,000 to individual customers with up to 9.0% interest under the scheme. The loans have to be disbursed entirely digitally by using internet banking, mobile apps, mobile financial services, or e-wallet services, according to the central bank.

<https://thefinancialexpress.com.bd/economy/bangladesh/bb-raises-digital-nano-loan-fund-to-tk-5-billion>

Imports of cement clinker, stones soar amidst construction boom

- In contrast to a slump in imports, especially luxury goods, due to import curbs amid the prevailing dollar crisis, there has been a 5% rise in the import of cement clinker through Chattogram port during fiscal 2022-23, maintaining its position as the leading imported commodity. Apart from cement clinker, broken or crushed stones – an essential material used in the construction sector – registered an impressive 80% increase in ports in the past fiscal year, according to Chattogram Customs House.
- Industry insiders attribute this growth in imports of these items to the flourishing construction industry in the country and the government's extensive infrastructure development projects. Data obtained from Chattogram Customs House indicates that the import of cement clinker rose by 0.774 Mn tonnes to reach 17.7 Mn tonnes in FY23, resulting in a revenue increase of BDT 3.81 Bn for the country's premier customs station.

<https://www.tbsnews.net/economy/imports-cement-clinker-stones-soar-amidst-construction-boom-666190>

Bangladesh will again seek duty benefits in US

- Bangladesh will again urge the US for duty-free access as the tariff imposed on exports from the country is one the highest faced by goods entering the western nation, according to Senior Commerce Secretary Tapan Kanti Ghosh. On Saturday, Ghosh told The Daily Star that he would raise this demand at the sixth edition of the Trade and Investment Cooperation Forum Agreement (Ticfa).
- The main topic of discussion for Bangladesh will be about securing duty-free access or reduced tariff for exports to the US market, Ghosh added. Exported goods, particularly garment items, currently face 15.62% duty when shipped to the US. Ghosh said Bangladesh has already withdrawn the rule requiring double fumigation of US cotton, which was a long-time demand of the American government. So, Bangladesh will now raise the issue of being granted duty-free access at the Ticfa meeting.

<https://www.thedailystar.net/business/economy/news/bangladesh-will-again-seek-duty-benefits-us-3370871>

New long-term USD loan facility for exporters, other firms

- The central bank yesterday unveiled a long-term financing facility for private sector firms, mainly export-oriented manufacturers, to help them borrow in US dollars to purchase equipment and services needed to run sustainable operations. Under the Bangladesh Bank-Long Term Financing Facility, the loan, which could be as high as USD 10 Mn, will be offered in the US currency, according to a guideline.
- Widespread opportunity for medium-and-longer term financing was inadequate in the country a decade ago and the constraint still persists. And the financing of businesses for shorter-than-required tenure is creating a funding mismatch. As a result, the banking sector is finding it difficult to mitigate the long-term funding gap in both local and foreign currencies. The success and popularity of the LTFF prove that there exists a huge demand in the market for a sustainable longer-term credit facility, the guideline said.
- So, the central bank has decided to continue providing long-term financing to private sector firms, mainly export-oriented manufacturing enterprises, so that they can adopt sustainable means of production and augment competitive advantage in the global value chains.

<https://www.thedailystar.net/business/economy/news/new-long-term-usd-loan-facility-exporters-other-firms-3370886>

Foreign borrowing at floating rates hikes debt burden

- Recent aggressive external borrowing to make ends meet hikes Bangladesh's debt burden further as cumulative interest rates have even surpassed 6.0%, the highest in years, insiders said. The government recently signed in four budgetary-support credits, two of which are based on floating rates that come close to interest on commercial loans at this moment, they said Saturday. The maturity of both the loans is lower than their usual ones, according to the sources.
- In June, the government borrowed USD 800 Mn in budgetary-support credits from the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB) which are both floating-interest-rate-based (SOFR-based). Besides, the government has also borrowed USD 225 Mn worth of budget support from Japan also at a higher rate than its previous offer rate. The ADB will charge Secured Overnight Financing Rate (SOFR) - plus- 0.60% interest for its USD 400-Mn budget support signed last month. The ADB budget support will carry an interest rate of SOFR rate-plus- 0.5%, along with a commitment fee of 0.1%. The repayment period for this loan is 15 years, with a grace period of three years.

<https://thefinancialexpress.com.bd/economy/bangladesh/foreign-borrowing-at-floating-rates-hikes-debt-burden>

Govt borrowing from domestic sources climbs 16%

- The government's borrowing from domestic banks and non-banking sources was 16% higher in the just-concluded fiscal year as it had to rely on debts to finance public expenditures amid lower revenue collections. The government took BDT 1338 Bn in loans from domestic sources in 2022-23, excluding the net sales of national savings certificates, according to data from the Bangladesh Bank. It was BDT 1152.16 Bn in 2021-22.
- Of the sum, 73%, or BDT 976.84 Bn, came from the central bank in FY23, which may contribute to stoking inflationary pressures. "This will create demand as the central bank is printing money to lend to the government. This fresh money is coming to the market. This will stoke inflation," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

<https://www.thedailystar.net/business/economy/news/govt-borrowing-domestic-sources-climbs-16-3370881>

Exports continue to depend on five key markets

- Five developed nations have continued to account for more than half of Bangladesh's export earnings, highlighting the country's narrow market base and the vulnerability it faces. This also means Bangladesh's efforts aimed at diversifying exports in terms of both markets and products over the last decade have not brought about expected results.
- The five countries -- the United States, Germany, the United Kingdom, Spain and France -- sourced products worth USD 29 Bn in the last fiscal year of 2022-23, making up more than 52% of Bangladesh's annual receipts of USD 55.56 Bn, data from the Export Promotion Bureau showed. "Bangladesh's export market is still confined to a handful of countries and to some products such as readymade garments," said Muhammad Abdur Razzaque, chairman of the Research and Policy Integration for Development, a think tank. Due to a lack of diversification of products, the country has not been able to explore other markets. As a result, export earnings have not increased either, he said.

<https://www.thedailystar.net/business/economy/news/exports-continue-depend-five-key-markets-3370876>

Stocks:**CITYBANK | Moody's updates City Bank's outlook**

- Moody's Investors Service has released its latest credit opinion on City Bank, recognising its average profitability, and modest asset quality and capitalisation, which are balanced by its stable liquidity and improving deposit franchise. City Bank has been affirmed issuer rating of B2 with a stable outlook, which reflects its moderate probability of support from the government of Bangladesh (B1 stable) and the bank's expected stability of credit fundamentals as gradual improvements in funding conditions balance rising asset risks, said a press release.

<https://www.thedailystar.net/business/economy/news/moodys-updates-city-banks-outlook-3370666>

BANKASIA | Bank Asia to invest BDT 125 Mn to set up digital bank

- Publicly listed Bank Asia has decided to invest BDT 125 Mn to set up a digital bank. It is the first private commercial bank to go for a digital bank. The decision came at the bank's board meeting held on 13 July, reads a disclosure posted on the bank's website. Bank Asia sources said the digital bank is a joint venture consortium comprising fin-tech and other firms where Bank Asia is a sponsor with 10% stake. The consortium has already applied to the Bangladesh Bank for a digital banking license.

<https://www.tbsnews.net/economy/stocks/bank-asia-invest-tk125cr-set-digital-bank-665898>

TRUSTBANK | Trust Bank posts 52% growth in profit in Apr-Jun

- Trust Bank has reported a 52% growth in consolidated net profit in the second quarter of 2023 over the same time of the previous year. According to its statement, from April to June of 2023, Trust Bank's consolidated net profit stood at BDT 1.106 Bn, and the earnings per share (EPS) stood at BDT 1.41, which was BDT 727.9 Mn and BDT 0.94 respectively in the same time of the previous fiscal year. However, its consolidated net profit in the first half of 2023 has declined by 15% over the same time of the previous fiscal year.

<https://www.tbsnews.net/economy/stocks/trust-bank-posts-52-growth-profit-apr-jun-666178>

UTTARAFIN | Cenbank appoints new director at Uttara Finance

- Bangladesh Bank has appointed Babul Chandra Debnath, who is a deputy general manager at the Investment Corporation of Bangladesh (ICB), as a director on the board of the scam-hit Uttara Finance and Investment Limited. This April, the central bank appointed Mohammad Ali as another director on the company's board. On 23 June 2022, the Bangladesh Bank removed Uttara Finance's Managing Director SM Shamsul Arefin for embezzling money from the company, helping others to embezzle, and for hiding information in financial reports. These irregularities against him were first detected in the inspection of Bangladesh Bank, and later in the report of the audit firm Rahman Rahman Huq (KPMG).

<https://www.tbsnews.net/economy/stocks/cenbank-appoints-new-director-uttara-finance-666506>

SBACBANK | 933 bank accounts linked to SBAC Bank's ex-chairman Amjad frozen

- The authorities, in compliance with a court order, have frozen 933 bank accounts linked to SM Amjad Hossain, a former chairman of South Bangla Agriculture and Commerce (SBAC) Bank, on charges of misappropriation of funds. According to the order issued in October 2021, money can be deposited into these accounts at 24 different banks, but no withdrawals are permitted under any circumstances. The judge's court in Dhaka ordered freezing the accounts in cases filed against SM Amjad Hossain, his wife Begum Sufia Amjad, and their daughter Tajori Hossain.

<https://www.tbsnews.net/economy/stocks/933-bank-accounts-linked-sbac-banks-ex-chairman-amjad-frozen-666474>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 74.77	(USD 0.44)	-0.59%
Crude Oil (Brent)*	USD 79.14	USD 1.36	1.75%
Gold Spot*	USD 1,952.61	USD 178.46	10.06%
DSEX	6,367.42	160.42	2.58%
S&P 500	4,505.42	665.92	17.34%
FTSE 100	7,434.57	-17.17	-0.23%
BSE SENSEX	66,060.90	5,220.16	8.58%
KSE-100	45,071.94	4,651.49	11.51%
CSEALL	10,595.02	2,092.53	24.61%

Exchange Rates**1 US Dollar = 108.83 BDT****1 GBP = 142.41 BDT****1 Euro = 122.10 BDT****1 INR = 1.33 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
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**.