

*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:****Govt to rely more on banks to finance budget deficit**

- The government is going to rely heavily on the banking system to finance the budget deficit for the next fiscal year — a move that analysts say could potentially crowd out the private sector from the loan market and eventually slow investment growth. Finance Minister AHM Mustafa Kamal is set to place the BDT 7600 Bn budget for FY24 in parliament on 1 June. The budget deficit is estimated to be BDT 2600 Bn, of which BDT 1360 Bn is targeted to be sourced from the banking system, according to a finance ministry document obtained by The Business Standard.
- According to Finance Division officials, the government will borrow 28% more than the target of the current fiscal year from the banking system to meet the budget deficit in the next financial year. The bank borrowing target for the current financial year is BDT 1063.34 Bn. In April, the government borrowed BDT 296.97 Bn from the banking system, the highest in a single month in the fiscal year so far.

<https://www.tbsnews.net/economy/govt-rely-more-banks-finance-budget-deficit-633070>

**Korea biggest source of FDI for Bangladesh in 2022, Korean envoy tells PM**

- Korea has become the largest foreign direct investor to Bangladesh in the year of 2022 with a gross volume of USD 662 Mn. Ambassador Lee Jang-Keun said this when he paid a farewell call on Prime Minister Sheikh Hasina at the Ganabhaban on Tuesday. Ambassador Lee shared with Prime Minister recent milestone development in relations between Korea and Bangladesh in multiple areas such as trade, official development assistance, expatriate workers and investment in the year of 50th anniversary of Korea-Bangladesh diplomatic ties in 2023.

<https://thefinancialexpress.com.bd/economy/bangladesh/korea-biggest-source-of-fdi-for-bangladesh-in-2022>

**Can falling imports alone ease stress in the economy?**

- Bangladesh's trade gap and current account deficit have narrowed significantly in recent months but the positive developments might not prove enough to bring back stability to the economy. The government and the central bank earlier took a set of initiatives to reduce import payments in order to decrease both the trade gap and the shortfall in the current account. The initiatives have not paid off since the erosion of the foreign exchange reserves could not be stopped. The large shortfall in the financial account, which had historically enjoyed a surplus, is now responsible for the drastic fall in the reserves. Bangladesh's international currency reserves stood at USD 30.34 Bn last week in contrast to USD 42.20 Bn in May last year, a decrease of 28% year-on-year.

<https://www.thedailystar.net/business/economy/news/can-falling-imports-alone-ease-stress-the-economy-3321221>

**Interbank dollar rate rises to BDT 108.50**

- Within a week, the interbank exchange rate for dollars rose from BDT 108 to BDT 108.50, which is the highest in the country's history. The rate at which one bank sells dollars to another bank is called the interbank exchange rate. According to central bank data, the dollar traded at the lowest rate of BDT 107.26 and highest rate of BDT 108.50 on Monday (16 May). Earlier on 7 May, the dollar rate rose to BDT 108 in interbank exchange. This was the highest dollar rate in this market till day. Bankers said the interbank dollar rate has increased mainly due to the increase in remittance rates.

<https://www.tbsnews.net/economy/interbank-dollar-rate-rises-tk10850-632962>

**LC opening, settlement both fall**

- The opening and settlement of letters of credit (LCs) in Bangladesh fell 26.80% and 8.15% year-on-year in the July-April period of the current financial year, central bank figures showed. LC opening stood at USD 56.36 Bn in the first 10 months of 2022-23, down from USD 76.99 Bn a year ago. The settlement fell to USD 62.39 Bn from USD 67.93 Bn during the period, said the Bangladesh Bank in its monthly update on major economic indicators.
- The fresh opening of import LCs fell by 26.80% in July-April as a result of the close monitoring, the BB said. The central bank has taken moves to curb the imports of non-essential and luxury items in order to stop the erosion of the foreign currency reserves.

<https://www.thedailystar.net/business/news/lc-opening-settlement-both-fall-3322056>

**Lower agri, industrial outputs drag down GDP in FY23**

- A fall in production in the agriculture, manufacturing and service sectors led to a slowdown in Bangladesh's gross domestic product (GDP). According to the Bangladesh Bureau of Statistics (BBS), the GDP growth in agriculture, manufacturing, service sectors for the fiscal 2022-23 decreased compared to the previous year. The growth in the agriculture sector for the fiscal 2022-23 slowed to 2.61%, down from 3.05% in the previous fiscal year.
- The industrial sector also registered a drop in production from 9.86% to 8.18% in FY2022-23. According to BBS calculations, production in the manufacturing sector fell by 2.18% to 9.23%. Although production in the small, medium and micro industry grew by 4.89%, the service sector saw a dip from 6.26% to 5.84%.

<https://www.tbsnews.net/economy/lower-agri-industrial-outputs-drag-down-gdp-fy23-633034>

**Export cash incentive cuts, VAT on mobile handsets planned**

- In preparation for the post-LDC era beginning in 2026, when cash incentives will no longer be permitted under WTO rules, the government has decided to gradually reduce cash incentives for exporters. There is a proposal in principle to decrease cash incentives for exports by a range of 0.5% to 2% points starting in the next fiscal year. The government has also decided to impose value-added tax (VAT) on mobile handsets manufactured and assembled locally in the next fiscal year, commerce ministry officials said.
- A senior commerce ministry official familiar with the matter said, "Cash incentives will be phased out gradually to adjust to the WTO rules." He said this strategic approach has been taken to ensure a smooth transition while continuing to support key sectors, including the readymade garment industry, which has significantly benefited from cash incentives over the past three decades.

<https://www.tbsnews.net/economy/budget/export-cash-incentive-cuts-vat-mobile-handsets-planned-633082>

**Stocks:****PTL | Paramount Textile's profit surges 121% in Jan-Mar**

- Paramount Textile Limited posted a 121% year-on-year higher profit growth in the third quarter of the current fiscal year along with higher revenue. From January to March quarter, the company made a consolidated net profit of BDT 341.6 Mn, which was BDT 154.2 Mn in the same period of the previous year. During the period, its consolidated revenue increased by 30.92% to BDT 2.2464 Bn from BDT 1.7158 Bn compared to the previous year.

<https://www.tbsnews.net/economy/stocks/paramount-textiles-profit-surges-121-jan-mar-632610>

**LANKABAFIN | LankaBangla Finance's profit drops by 66% in Jan-Mar**

- LankaBangla Finance Limited has posted a 66% decline in its consolidated profits for the January to March quarter of 2023. From January to March, the consolidated net profit after taxes of the non-bank financial institution (NBFI) stood at BDT 79 Mn, which was BDT 234.6 Mn in the same period of the previous year. Its consolidated earnings per share (EPS) stood at BDT 0.15, which was BDT 0.43 from one year ago. Its net asset value per share was BDT 19.41 end of March this year.

<https://www.tbsnews.net/economy/stocks/lankabangla-finance-profit-drops-66-jan-mar-632546>

**BDFINANCE | BD Finance's profit declines by 75% in Q1**

- Bangladesh Finance Ltd posted a 66% profit decline in its consolidated in the January to March quarter of 2023 due to lower interest income. From January to March quarter, the consolidated net profit after taxes of the non-bank financial institution (NBFI) stood at BDT 18.8 Mn, which was BDT 75.3 Mn in the same period of the previous year. Its consolidated earnings per share (EPS) stood at BDT 0.10, which was BDT 0.40 from one year ago. Its net asset value per share was BDT 17.51 end of March 2023. The company said in the disclosure, EPS has decreased due to a decrease in net interest income and lower income from investment in securities.

<https://www.tbsnews.net/economy/stocks/bd-finance-profit-declines-75-q1-632590>

**MERCINS | Mercantile Islami Insurance's profit drops 25% in Jan-Mar**

- Mercantile Islami Insurance PLC saw an over 25% year-on-year drop in profit in the January-March quarter of this year. The local general insurance company made a profit of BDT 32.3 Mn in the first three months of 2022, which came down to BDT 24.1 Mn in the same period this year. The company's net operating cash flow per share also experienced a massive 61.5% year-on-year fall, as it hit BDT 0.2 in the Jan-Mar quarter of 2023, down from BDT 0.52 the same period previous year.

<https://www.thedailystar.net/business/news/mercantile-islami-insurances-profit-drops-25-jan-mar-3321726>

**RINGSHINE | Ring Shine lets go of expansion plan, uses IPO fund as working capital**

- Ring Shine Textiles Limited, which once planned to spend its initial public offering (IPO) fund on business expansion, is now having a hard time staying afloat, and has decided to use the fund as working capital instead. The company raised BDT 1.5 Bn from the stock market in 2019. Of the fund, it was supposed to use BDT 960 Mn for machinery acquisition, BDT 500 Mn for loan repayment, and the remaining BDT 40 Mn for IPO expenses, as per its IPO prospectus. Although the company did ensure the repayment of its loans and meeting other expenses, it failed to purchase machinery for business expansion. Now, the company will use a total BDT 664 Mn of the IPO fund as working capital in phases, while around BDT 300 Mn is lying unused.

<https://www.tbsnews.net/economy/stocks/ring-shine-lets-go-expansion-plan-uses-ipo-fund-working-capital-632558>

**EXCHANGE | Firms to face music for failure to transfer unclaimed dividends**

- The Bangladesh Securities and Exchange Commission (BSEC) is becoming stricter in realising unclaimed and undisbursed dividends from companies listed on the country's stock market. The companies will have until 30 June to deposit the undisbursed dividends to the Capital Market Stabilisation Fund (CMSF). In the event of default, they will be required to pay a surcharge of 2.5% of the undisbursed amount every month. After the formation of CMSF in 2021, the commission directed the listed companies to deposit the undistributed dividends of more than three years into the fund.

<https://www.tbsnews.net/economy/stocks/firms-face-music-failure-transfer-unclaimed-dividends-633078>

**World Stock and Commodities\***

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 70.45	(USD 4.76)	-6.33%
Crude Oil (Brent)*	USD 74.52	(USD 3.26)	-4.19%
Gold Spot*	USD 1,990.63	USD 216.48	12.20%
DSEX	6,277.21	70.21	1.13%
S&P 500	4,109.90	270.40	7.04%
FTSE 100	7,751.08	299.34	4.02%
BSE SENSEX	61,932.47	1,091.73	1.79%
KSE-100	41,980.13	1,559.68	3.86%
CSEALL	8,823.01	320.52	3.77%

**Exchange Rates****1 US Dollar = 107.48 BDT****1 GBP = 134.19 BDT****1 Euro = 116.85 BDT****1 INR = 1.31 BDT**

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