

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:**Cenbank declares 7.13% reference rate to fix lending rate**

- The Bangladesh Bank has declared a reference lending rate of 7.13% for July, projecting an increase in interest rates for all types of bank loans. Based on the reference rate, the lending rate for banks will rise to 10.13% with the addition of a 1% supervision fee, meaning the rate will be 11.13% for personal and car loans, both of which fall under CMSME (Credit to Micro, Small, and Medium Enterprises) and consumer loans.
- Reference interest rates, sometimes called benchmark interest rates, are interest rates that are used as the basis for financial contracts. The reference lending rate, known as "SMART" (six-month moving average rate of Treasury bills), applies a margin for both banks and non-bank financial institutions (NBFIs).

<https://www.tbsnews.net/economy/banking/cenbank-declares-713-reference-rate-fix-lending-rate-652666>

FBCCI seeks withdrawal of advance taxes for industries, exports

- The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has suggested various tax rebates, including the withdrawal of advance taxes for industries and exports, to speed up the economic recovery of the country. Stating that the economy has come to a standstill because of the dollar and energy crises as well as rising freight and insurance costs, the country's apex trade body also recommended a reduction in taxes at source for all export-oriented sectors, including readymade garments.
- It has further recommended ensuring the tax-free supply of electricity, gas, and water to industries in the proposed budget for the upcoming fiscal year. In addition, the organisation has sought the exemption of all types of value-added tax (VAT) and supplementary duty on the production and import of consumer goods, daily essentials, and services intended for low-income and poor individuals during periods of high inflation.

<https://www.tbsnews.net/nbr/fbcci-seeks-withdrawal-advance-taxes-industries-exports-652282>

Boon for savers as interest rate cap is scrapped

- The new interest rate-setting method introduced by the central bank is going to benefit depositors as well as people who take consumer loans. Under the new arrangement, the Bangladesh Bank will introduce a market-driven reference lending rate for all types of bank loans, replacing the previously imposed lending rate cap. This move aims to enhance competitiveness in the banking sector and foster a favorable lending environment for businesses and individuals. The interest rate on the consumer loans will decrease to 11.10% from 12%, according to a BB notice issued yesterday.

<https://www.thedailystar.net/business/economy/news/boon-savers-interest-rate-cap-scrapped-3350806>

Biman Bangladesh to buy 10 Airbus jets, breaking Boeing reliance – Minister

- State-owned carrier Biman Bangladesh Airlines has decided to purchase 10 planes from Airbus (AIR.PA), in a shift from its Boeing-dominated (BA.N) fleet, the South Asian country's junior minister for civil aviation told Reuters on Monday. "As per our requirement, the decision has been taken to purchase 10 aircraft in phases. The technical committee is assessing now," Mahbub Ali said. Ali's comments came after sources said the airline was close to a deal to buy 10 Airbus A350 widebody planes, marking its first order with the French planemaker.

<https://www.tbsnews.net/economy/aviation/biman-bangladesh-buy-10-airbus-jets-breaking-boeing-reliance-minister-652430>

Dhaka retains duty-free access for exports to UK, but depends on human rights, political freedom

- The UK's Developing Countries Trading Scheme (DCTS) has come into effect from Monday, 19 June, with simplified rules and tariff cuts that will facilitate more products entering the UK market from 65 developing countries including Bangladesh. "Bangladesh is due to graduate from Least Developed Country status in 2026. Changes made to the DCTS mean Bangladesh will retain duty-free access for 98% of exports, including readymade garments. It is more generous than the European Union's scheme the UK was previously a member of," says a British High Commission release in Dhaka on Monday, reports UNB.

<https://www.tbsnews.net/economy/bangladesh-will-retain-duty-free-access-98-exports-including-rmg-uk-through-new-scheme>

NPL, another big foe to fight

- Like in the previous monetary policy, the Bangladesh Bank in its new policy has acknowledged that high non-performing loans (NPLs) are a big burden for the country's financial sector. Analysts, bankers, and economists were waiting to see what measures the central bank takes to address the growing menace, which is eating up banks' profits and hampering the stability of the financial sector. The monetary policy statement for the first half of FY24, announced on Sunday, stated that the Bangladesh Bank has intensified its oversight of banks and large borrowers in its efforts to mitigate the high NPL ratio
- Additionally, the central bank has taken a proactive role in amending the existing Bank Company Act of 1991 to tackle the challenges associated with the high NPL problem. Since the announcement of the current monetary policy this January, the banking sector has witnessed a BDT 100 Bn increase in NPLs within three months. According to data from the Bangladesh Bank, the total NPLs rose from BDT 1.21 Tn in December 2022 to BDT 1.31 Tn in March this year.

<https://www.tbsnews.net/economy/npl-another-big-foe-fight-652322>

Inequality has eaten away much of economy's gains: Experts

- Growing inequality has eaten away the benefits of economic growth and achievements in recent years, said Dr M Asaduzzaman, a former research director of the Bangladesh Institute of Development Studies (BIDS). Quoting the Bangladesh Bureau of Statistics, he said, "The income inequality index, Gini coefficient or index, has increased at an abnormal rate in the last 10 years. While the overall Gini is below 0.50, it is 0.54 in urban areas, indicating high inequality."
- Participating in the discussion, another former research director of BIDS Dr Rushidan Islam Rahman, called for comprehensive research to find out the real cause of ongoing inequality in Bangladesh. "Although loan defaulters and wealth smuggling are blamed for the increase in inequality, research is needed on the real reasons," she said.

<https://www.tbsnews.net/economy/inequality-has-eaten-away-much-economys-gains-experts-652826>

MFIs, NGOs to face greater scrutiny from taxmen

- Microfinance institutions (MFIs) will have to pay taxes from fiscal year 2023-24 if they do not keep their income from service charges in a revolving fund. The provision has been brought under a new income tax law 2023 passed in parliament on Sunday.
- Taxmen, however, said NGOs will not face tax equal to the tax rate of companies as the NBR has not withdrawn tax exemptions on the income from micro-credit operations and donations obtained by the organisations to do social welfare and development activities. In the new law, it imposed a condition that income from microcredit operations must be kept in a revolving fund to avail the tax exemptions.

<https://www.thedailystar.net/business/economy/news/mfis-ngos-face-greater-scrutiny-taxmen-3350811>

Stocks:**SHAHJABANK | Shahjalal Islami Bank's former director declares to sell 2.5 Mn shares**

- Shahjalal Islami Bank's former director Tofazzal Hossain declared he will sell 2.5 Mn shares out of his holdings at the prevailing market price in the secondary market of the Dhaka Stock Exchange (DSE). According to the DSE filing, he will sell this share within the next 30 days. At present he holds 15.6 Mn shares of the bank. Tofazzal Hossain was also the director of Fareast Finance and Takaful Islami Insurance.

<https://www.tbsnews.net/economy/stocks/shahjalal-islami-banks-former-director-declares-sell-25-lakh-shares-652438>

HIMADRI | Himadri to increase authorised capital to meet regulatory requirement

- Himadri Ltd, a listed firm under the SME platform of the Dhaka Stock Exchange (DSE), has decided to increase its authorised capital from BDT 20 Mn to BDT 500 Mn to comply with the regulatory requirement. The company, a subsidiary of Ejab Group, also called an extraordinary general meeting on 1 August this year. The record date for the meeting is 10 July. A senior official of the company seeking anonymity said Himadri is an old company, which was enlisted on the main board of the DSE earlier. The company wants to come back to the main board of the bourse again. If the company wants to come back to the main board, it has to fulfil some regulatory requirements. As a part of the requirements, the company decided to increase its authorised capital, he added.

<https://www.tbsnews.net/economy/stocks/himadri-limited-increase-authorised-capital-652458>

MKFOOTWEAR | MK Footwear allocates 361 shares to investors

- Each eligible investor has been allotted 361 shares of MK Footwear PLC through the qualified investor offer (QIO). These shares were allotted at a subscription fee of BDT 200,000. The Dhaka Stock Exchange received applications worth BDT 5.5366 Bn from eligible investors against the BDT 100 Mn QIO, which indicates an oversubscription of 55.37 times for each share. The QIO subscription period for the shoe manufacturer took place between 11 June and 15 June of this year.

<https://www.tbsnews.net/economy/stocks/mk-footwear-allocates-361-shares-investors-652786>

PADMAOIL | Padma Oil to sell land for setting up second Eastern Refinery unit

- The state-owned Padma Oil Company Limited has decided to sell its land in Chattogram to the Bangladesh Petroleum Corporation (BPC) in order to set up the second unit of its sister concern Eastern Refinery Limited. Padma Oil disclosed this as price sensitive information on the Dhaka Stock Exchange (DSE) website on Monday. The land's size is 11.6 acres, and its sale value is yet to be announced. Both Padma Oil and Eastern Refinery are owned by the BPC.

<https://www.tbsnews.net/economy/stocks/padma-oil-sell-land-setting-second-eastern-refinery-unit-652838>

AMCL(PRAN) | Pran Agro to raise BDT 2.62 Bn thru bonds

- Pran Agro is going to raise funds of BDT 2.62 Bn from institutional investors and high-net worth people by issuing bonds. The Bangladesh Securities and Exchange Commission (BSEC) approved the bond yesterday at a commission meeting, said a press release. The bond would be guaranteed, unsecured, transferrable, redeemable, and non-convertible. Coupon rate of the bond is 8.88%. This is the second bond of Pran Agro, which raised BDT 2.1 Bn by issuing its first bond in 2021.

<https://www.thedailystar.net/business/economy/news/pran-agro-raise-tk-262cr-thru-bonds-3350646>

RUNNERAUTO | Runner Automobiles to raise BDT 2.675 Bn

- Runner Automobiles PLC is going to raise funds of BDT 2.675 Bn from the institutional investors, corporates and high-net-worth people. The Bangladesh Securities and Exchange Commission (BSEC) approved the bond today in a commission meeting. The tenure of the bond would be seven years and it would be unsecured, redeemable, non-convertible, and guaranteed. The coupon rate would be 8.5-9%. With the bond proceeds, Runner would extend the credit to the customers and build a solar plant.

<https://www.thedailystar.net/business/news/runner-automobiles-raise-tk-2675-crore-3350601>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 70.79	(USD 4.42)	-5.88%
Crude Oil (Brent)*	USD 75.82	(USD 1.96)	-2.52%
Gold Spot*	USD 1,948.52	USD 174.37	9.83%
DSEX	6,314.14	107.14	1.73%
S&P 500	4,409.59	570.09	14.85%
FTSE 100	7,588.48	136.74	1.84%
BSE SENSEX	63,168.30	2,327.56	3.83%
KSE-100	40,650.45	230.00	0.57%
CSEALL	9,181.22	678.73	7.98%

Exchange Rates**1 US Dollar = 108.23 BDT****1 GBP = 138.44 BDT****1 Euro = 118.11 BDT****1 INR = 1.32 BDT**

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