

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:**UK-Bangladesh trade hits record GBP 4.7 Bn in 2022**

- In a significant milestone in bilateral trade, the United Kingdom (UK) and Bangladesh witnessed a remarkable surge in trade volume, with the total trade reaching a record GBP 4.7 Bn (USD 5.83 Bn) in 2022. The UK's Department for Business and Trade released these figures on Thursday, revealing a substantial increase of 50.4% compared to the previous year.
- The trade balance heavily favoured Bangladesh, largely attributed to its thriving readymade garments (RMG) sector, which accounted for the lion's share of the trade. The UK's total imports from Bangladesh surged by 54% to GBP 3.8 Bn in 2022. At the same time, UK exports to Bangladesh increased by 36.7% to reach GBP 897 Mn during the same period.

<https://www.tbsnews.net/economy/uk-bangladesh-trade-hits-record-ps47b-2022-634810>

Duty hikes planned to discourage imports, boost local industries

- The government is set to increase import duties on certain products to protect domestic industries, generate employment, and reduce import bills. The national budget for the forthcoming fiscal 2023-24 is expected to introduce import duty hikes, ranging from 10 to 15% points, on a range of items including fridges, fans, LPG cylinders, lifts, and escalators, according to officials of the finance ministry. Additionally, the government intends to exclude escalator imports from the list of capital machinery enjoying a mere 1% import duty, the officials said. These proposed measures aim to stimulate local industries by providing them with a competitive advantage over imported goods.

<https://www.tbsnews.net/economy/duty-hikes-planned-discourage-imports-boost-local-industries-634298>

Govt mulls withdrawing advance tax on farm machinery

- The government plans to withdraw the advance tax (AT) levied on the import of rice transplanters, agricultural drier machines, all types of sprayers, and potato planters in the upcoming national budget aiming to modernise the agriculture sector. Currently, these four types of farm machinery are subject to a 5% advance tax at the import stage.
- This move is aimed at encouraging farmers to invest in agricultural machinery, enabling them to timely plant and harvest crops while removing concerns about the availability of farm workers, officials of the finance ministry have told The Business Standard. At the same time, the government plans to introduce a 15% value-added tax (VAT) on the import of basmati rice to provide protection for local rice farmers as well as prevent the misuse of government policies, according to the officials.

<https://www.tbsnews.net/economy/budget/govt-mulls-withdrawing-advance-tax-farm-machinery-634802>

SMEs demand withdrawal of 7% tax deduction at source

- Small and medium enterprise (SME) entrepreneurs have sought withdrawal of the existing 7% deduction of income tax at source (TDS) on the sale of their backward linkage products to encourage big companies to purchase those from SMEs. The SME Foundation, in its proposal for the upcoming budget for the fiscal year 2023-24, said that the 7% advance income tax deduction levied on the sale of SMEs products is hampering the development of cottage, small and medium industries, and creating a negative impact on the country's rapid industrialisation.

<https://www.tbsnews.net/economy/smes-demand-withdrawal-7-tax-deduction-source-635250>

NBR tasked to collect BDT 4300 Bn

- An 'ambitious' revenue target set for the next budget prompts the government to estimate 36% of the domestic revenues to be realized from direct taxes, hugely banking on import duties. For the upcoming financial year (FY) 2023-24, the Ministry of Finance (MoF) has set BDT 4300 Bn as revenue-collection target for the National Board of Revenue (NBR). Of the target, BDT 1540 Bn is set to be collected by the direct-tax wing while BDT 1160 Bn by the customs wing of the revenue board.
- However, the highest is earmarked to be mobilized by the value-added tax (VAT) wing, amounting to BDT 1590 Bn. Target for income tax has been set at BDT 1220 Bn while it is BDT 1360 Bn for VAT and import taxes BDT 1110 Bn in FY 23.

<https://thefinancialexpress.com.bd/economy/bangladesh/nbr-tasked-to-collect-tk-430t>

Homebuyers, builders set to see higher tax, price surge

- Sales of cement may see an increase in value added tax (VAT) in the next budget, which, along with potential rise in taxes on property registration and crucial construction materials, will make homes and land costlier further. In the upcoming budget, it is proposed that for all companies, this VAT may be set at BDT 20 per bag, which would be consistent with the tariff VAT, according to finance ministry officials. The officials have also hinted at the possibility of hiking the import duty on elevators and ceramic raw materials. Moreover, land registration costs in Dhaka and Chattogram are also anticipated to escalate, posing additional challenges for prospective buyers and developers.

<https://www.tbsnews.net/economy/homebuyers-builders-set-see-higher-tax-price-surge-634282>

Budget FY24: Electricity may eat up one-third of subsidies

- Jacking up electricity subsidy, particularly as power generation in private plants remains expensive, is set to swell the overall amount of fiscal incentives in the forthcoming national budget, officials said. The government is likely to allocate nearly BDT 320 Bn in subsidy for the power sector in the fiscal year (FY) 2023-24 national budget, nearly 39% higher than in the revised budget for the current fiscal, Ministry of Finance (MoF) officials told the FE Wednesday.
- The total subsidy in the upcoming budget might come to BDT 1100 Bn-BDT 120 Bn higher than the current fiscal's revised outlay on this head. In the original budget's subsidy figure for the current FY2023 was BDT 814.90 Bn, which was recently revised upward to BDT 980 Bn.

<https://thefinancialexpress.com.bd/economy/bangladesh/electricity-may-eat-up-one-third-of-subsidies>

1 Month extension raises project cost by 0.95% points: study

- A one-month extension in duration leads to a 0.95% point spike in costs during the implementation of development projects, according to a study of the Bangladesh Institute of Development Studies (BIDS). The findings gave an idea how much could be saved if delays are avoided in a country where BDT 2460.66 Bn has been allocated for the current financial year to implement development projects under the Annual Development Programme (ADP).
- The development budget accounts for 5.5% of the country's gross domestic product of USD 460 Bn. The autonomous research think-tank studied 361 projects implemented by the Roads & Highways Department from 2012-13 to 2021-22 and audited by the Implementation Monitoring Evaluation Division (IMED).

<https://www.thedailystar.net/business/economy/news/1-month-extension-raises-project-cost-095-percentage-points-study-3323936>

Private investment falls for second time in 3 years

- The private investment-to-GDP ratio in Bangladesh declined in the current fiscal year owing to a lower confidence among investors amid the persisting dollar crisis and global uncertainty, higher inflation and a fall in demand for goods in international markets. The private investment-to-gross domestic product (GDP) ratio declined by 0.88% points to 23.64% in 2022-23, provisional data from the Bangladesh Bureau of Statistics showed.
- This is the second fall in the ratio in three years. Usually, private investment either remains unchanged or slightly increases in a fiscal year compared to the preceding year. However, it witnessed a slight decline in 2020-21 owing to the impacts of Covid-19.

<https://www.thedailystar.net/business/economy/news/private-investment-falls-second-time-3-years-3325256>

Banks vs banks: Suits rising, BDT 160 Bn involved

- The number of cases filed by banks against other banks over the recovery of loans and other forms of outstanding payments continues to surge and experts say this trend hurts customer confidence and the stability of the financial system. According to court sources, the number of bank-vs-bank cases pending with money loan courts across the country stood at 6,876 as of March this year, involving a staggering BDT 160 Bn. Currently, 3,634 cases filed by banks against other banks are under trial in the four money loan courts in Dhaka alone. These cases involve approximately BDT 75 Bn.

<https://www.tbsnews.net/economy/banking/banks-vs-banks-suits-rising-tk16000cr-involved-635262>

Inflation, panic withdrawal dent bank deposit growth

- Deposit growth in Bangladesh's banking system slowed to 7.53% year on year at the end of March as inflationary pressures on the economy and some panic withdrawals dented savings, sources said. The deposit growth was 9.05% at the end of the same month of the preceding year, according to data prepared by Bangladesh Bank, the country's central bank.
- As per the central bank count, the total sum of deposits -time and demand deposits- stood at BDT 15239 Bn at the end of March last. The time deposit, having over 88% share in total deposits, grew over 7% at the end of March while demand deposit expanded by 10.88% during the period. The demand deposit stood at BDT 1830 Bn while the time deposit, for example, fixed-deposit receipt (FDR), at BDT 13430 Bn at the time. Economists and bankers say this slow pace of deposit growth is mainly due to higher inflationary pressures on the economy as the clients do not hold enough money to spend and save.

<https://thefinancialexpress.com.bd/economy/bangladesh/inflation-panic-withdrawal-dent-bank-deposit-growth>

Stocks:**EASTLAND | Eastland Insurance makes higher profit in Q1**

- Eastland Insurance Company Ltd made a BDT 31 Mn profit in the first quarter of the current financial year, up about 5.5% compared to a year earlier. The insurer reported a BDT 29.4 Mn profit in the identical January-March quarter in 2022. Thus, the earnings per share rose to BDT 0.37 in January-March from BDT 0.35 in the same period of 2022, according to the unaudited financial statements. The net operating cash flow per share improved to BDT 0.16 in January-March of 2023 against BDT 0.14 a year ago.

<https://www.thedailystar.net/business/economy/news/eastland-insurance-makes-higher-profit-q1-3323896>

BBSCABLES | BBS Cables secures BDT 517.6 Mn supply order from Rural Electrification Board

- BBS Cables Ltd has secured a supply order from the Bangladesh Rural Electrification Board (BREB) to supply conductors, bare wire and bare conductors worth BDT 517.6 Mn, according to a regulatory disclosure by the company through the Dhaka Stock Exchange (DSE).
- The company also informed that on 17 May it received the notification of award from the BREB and it would be effective upon signing the contract within twenty-eight days. BBS Cables, which was rising in the business of bulk supply of locally manufactured electrification cables had been suffering business declines since the pandemic and its profits were in a downtrend.

<https://www.tbsnews.net/economy/stocks/bbs-cables-secures-tk5176-crore-supply-order-rural-electrification-board-633986>

FIRSTSBANK | Director buys over 3.2 Mn First Security Islami Bank shares

- Director Farzana Parveen has bought over 3.2 Mn shares of First Security Islami Bank in the block market of the Chittagong Stock Exchange (CSE). Block market allows investors to buy and sell listed securities at a different platform meant for large transactions beyond the public market at previously negotiated prices. However, the block market price cannot be more than 10% higher or lower than the previous day's closing price in the regular market. Earlier, on 9 May, Abu Hena Mostafa Kamal, a sponsor of the bank, announced that he will sell his entire holding of over 2.4 Mn shares of the bank.

<https://www.tbsnews.net/economy/stocks/director-buys-over-32-lakh-first-security-islami-bank-shares-634006>

EXCHANGE | Brokerage customer account deficit dwindles to BDT 480 Mn, from over BDT 5 Bn

- Regulators' zero tolerance against stockbrokers' diversion or misuse of clients' idle cash helped reduce the deficit in the brokerage industry's consolidated customer accounts (CCA) to below BDT 480 Mn from over BDT 5 Bn found later last year. According to the regulatory report, only nine of the Dhaka Stock Exchange (DSE) brokers had deficits in their CCAs, down from 87 nearly nine months ago.
- Thanks to the strict supervision by the premier bourse after several brokerage firms' client money embezzlement cases unfolded over the recent years. DSE Acting Managing Director M Shaifur Rahman Mazumdar told TBS "Having faced few fraudulent cases by some brokers, the DSE strengthened its monitoring and supervision and that paid off."

<https://www.tbsnews.net/economy/stocks/brokerage-customer-account-deficit-dwindles-tk48cr-over-tk500cr-635258>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 71.55	(USD 3.66)	-4.87%
Crude Oil (Brent)*	USD 75.58	(USD 2.20)	-2.83%
Gold Spot*	USD 1,977.81	USD 203.66	11.48%
DSEX	6,290.20	83.20	1.34%
S&P 500	4,191.98	352.48	9.18%
FTSE 100	7,756.87	305.13	4.09%
BSE SENSEX	61,729.68	888.94	1.46%
KSE-100	41,614.87	1,194.42	2.95%
CSEALL	8,716.96	214.47	2.52%

Exchange Rates**1 US Dollar = 107.38 BDT****1 GBP = 133.65 BDT****1 Euro = 116.20 BDT****1 INR = 1.30 BDT**

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