

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:**Rising headgear, cap export gives diversification a leg-up**

- Bangladesh bagged USD 447.43 Mn by exporting headgear products such as hats and caps in the last financial year, a positive development for a country that relies heavily on a handful of products to earn foreign currencies. Data from the Export Promotion Bureau (EPB) showed that the receipts were up 22.71% in 2022-23 from a year earlier as Bangladesh has emerged as one of the key suppliers of headgear items in the growing segment of the global market.
- Headwear items include headbands, hats, beanies, and caps, and in Bangladesh, their manufacturing began nearly two decades ago and is completely export-oriented. The shipment, however, accelerated in recent years rising from just USD 55 Mn in 2013-14 to nearly USD 450 Mn in 2022-23.

<https://www.thedailystar.net/business/economy/news/rising-headgear-cap-export-gives-diversification-leg-3378711>

First imports paid with rupee reaches Bangladesh

- Bangladesh's trade in Indian rupee formally began today with the arrival of 30 pickup vans at Benapole port, which were purchased with the Indian currency. Bangladeshi importer Nita Company brought in the vehicles from India's Tata Motors Ltd, Abdul Jalil, director of Benapole port, told The Daily Star.
- The vans currently kept at the land port's transshipment yard costed Nita Company 12.4 Mn INR, he said. The vehicles were purchased as part of a recent initiative where the two neighbouring nations agreed to start bilateral trade in Indian rupee to lower the use US dollar.

<https://www.thedailystar.net/business/news/first-imports-paid-rupee-reaches-bangladesh-3378451>

Khulna exported BDT 28.23 Bn fish in FY23, producing 64,545 tonnes more than demand

- Some 28,316 metric tonnes of fish worth BDT 28.23 Bn has been exported from Khulna in the 2022-2023 fiscal year. During this period, fish production of the district stood at 21,750 metric tonnes which was 64,545 tonnes more than the district's demand. In the same year, 25,375 metric tonnes of shrimp were produced in the district. Besides, 2,268 metric tonnes of hilsa were extracted from different rivers of the district.

<https://www.tbsnews.net/economy/khulna-exported-tk2823cr-fish-fy23-producing-64545-tonnes-more-demand-671418>

Central bank issues clean-note policy

- Bangladesh Bank on Monday issued a clean-note policy, first of its kind in the country, to provide citizens with high-quality clean notes while removing worn-out ones from the circulation. It has installed three high-speed automatic note-sorting machines - two in the headquarters in Dhaka and one in its Bogura office - as the traditional destruction system is a time-consuming process, according to a circular issued on Monday.
- The BB will install more machines of this kind so that all branches can sort out the old and unusable notes. The machines can process around 50,000 notes per hour, and the old or torn notes are shredded and compacted. The circular mentioned that the central bank should circulate clean notes in the market as per the Bangladesh Bank order of 1972.

<https://thefinancialexpress.com.bd/economy/bangladesh/central-bank-issues-clean-note-policy>

BB can now initiate forced merger of banks

- From now on, the Bangladesh Bank will be able to initiate forced mergers of any bank if the board of directors and management are found to be involved in activities that go against the depositors' interest. The banking regulator has been vested with the power in the newly amended Bank Company Act 2023, according to a gazette notification published by the central bank on Monday (24 July).
- In the amended act, the central bank has also been endowed with the authority to reconstruct the board of state-owned banks and inspect bank transactions of public organisations. Besides, any subsidiaries and other organisations formed with bank money have been brought under the direct control and monitoring power of Bangladesh Bank, according to the published gazette.

<https://www.tbsnews.net/economy/banking/bb-can-now-initiate-forced-merger-banks-670946>

S&P lowers Bangladesh's rating outlook to negative on liquidity risks

- S&P Global Ratings on Tuesday lowered Bangladesh's long-term rating outlook to negative from stable, citing risks the country's external liquidity position could deteriorate in the next year while foreign exchange reserves remain under pressure. The ratings agency expects the economy to expand between 6% to 6.4% annually between 2024 and 2026. Bangladesh's gross domestic product (GDP) growth fell to 6.03% in the financial year ended June 2023.
- The South Asian nation is struggling to pay for imported fuel because of a dollar shortage and its dollar reserves have shrunk by more than a third since Russia's invasion of Ukraine to stand at USD 29.85 Bn as of July 19. S&P reaffirmed its BB- long-term and B short-term sovereign credit ratings on Bangladesh but said they could be lowered if external debt or liquidity metrics worsened further.

<https://www.thedailystar.net/business/news/sp-lowers-bangladeshs-rating-outlook-negative-liquidity-risks-3378056>

Burimari land port again misses revenue target

- The revenue collection target set for the Burimari land port by the National Board of Revenue has remained unmet for the last couple of years. Businesses and customs authorities blame the dollar crisis, a ban on the import of some goods on which high taxes are imposed and poor infrastructure in and adjoining the port.
- Around BDT 946 Mn was collected in fiscal year 2022-23, which is 28.23% lower than the target. In fiscal year of 2021-22, BDT 919.2 Mn was collected against a target of BDT 1.38 Bn, in fiscal year 2020-21 BDT 1.11 Bn against BDT 1.14 Bn and in fiscal year 2019-20 BDT 567.2 Mn against BDT 10.48 Mn, according to the port authority.

<https://www.thedailystar.net/business/news/burimari-land-port-again-misses-revenue-target-3378296>

VAT from big cos up on rising prices amid slowdown

- Despite a less-than-expected overall economic growth during the last financial year, 2022-23, the country witnessed a notable upswing in Value Added Tax (VAT) collection from big companies. Stakeholders say the surge in commodity prices, particularly of import-dependent goods, bolstered the government's VAT revenues.
- Additionally, strategic measures such as elevating supplementary duty and VAT rates, as well as intensifying VAT officer supervision to curb evasion, expedite case settlements and collection of dues contributed to this relatively positive outcome, they said. According to the National Board of Revenue (NBR), VAT collection in the large taxpayer units (LTU) office from the major companies amounted to BDT 585.66 Bn in FY23, marking a 12% growth compared to the previous fiscal year. In FY22, VAT collection from big companies saw a 6% growth compared to FY21.

<https://www.tbsnews.net/economy/vat-big-cos-rising-prices-amid-slowdown-671582>

Fisheries' GDP input shrinking

- The contribution of the fisheries sector to the country's economy has gradually been shrinking for the last half a decade, which experts attributed to a notable plunge in sales in the years amid rocketing inflation. Low production growth, tectonic rise in input costs, and shrinking export-based trade also contributed to the recent plunge, they added.
- The Ministry of Finance Economic Review 2023 showed that the fisheries sector's contribution to the country's gross domestic product (GDP) was reduced to 2.41% in fiscal year (FY) 2023 from 2.70% in FY'19. Meanwhile, local sale of fishes also declined notably in the last one year amid a 40-50% surge in prices, according to the Trading Corporation of Bangladesh (TCB) and the Bangladesh Fish Development Corporation (BFDC).

<https://thefinancialexpress.com.bd/economy/bangladesh/fisheries-gdp-input-shrinking>

Industrial production growth almost halves

- Production growth in Bangladesh slowed significantly in the July-March period of 2022-23 due to the global economic slowdown and gas and electricity shortages at home, according to the Bangladesh Bureau of Statistics (BBS). The average production of large and medium manufacturing units grew 9.02% in the first nine months of the previous fiscal year, down from 16.5% in FY22, shows BBS data compiled by the Bangladesh Bank.

<https://www.thedailystar.net/business/economy/news/industrial-production-growth-almost-halves-3378686>

Japanese credits becoming costlier for Bangladesh

- Japanese loan is no more a much concessional one as before because its interest rate is being raised every six months, as Tokyo struggles to tame inflation, officials in Dhaka said Monday. Interest-rate rise not alone, other terms and conditions binding credits from the advanced Asian country have also become harder than the previous ones, they said. The loan maturity has been reduced by 10 years, and some other fees have been added up to the interest rates on the Japanese credits.
- Until 2016, Japan had provided the most concessional loan to Bangladesh as it charged only 0.01% for its official development assistance (ODA), an FE analysis has found. Interest has swelled 160 times in last seven years and hit 1.6% from only 0.01% seven years back in 2016, according to the findings. In 2016, the lending rate for the loan from Japan International Cooperation Agency (JICA) was a mere 0.01%.

<https://thefinancialexpress.com.bd/economy/bangladesh/japanese-credits-becoming-costlier-for-bangladesh>

Banks' insatiable appetite drives incessant BB dollar sale

- Commercial banks' insatiable demand for dollar despite gradual increase in their portfolios drives the central bank to unremittingly sell the greenback to them from limited reserves, officials say. The nation's falling foreign-exchange reserves bear further pressure for such continuous feeding of the US currency by the Bangladesh Bank to the banks- in what remains a riddle to some bankers and economists.
- Shortly after the Russia-Ukraine war broke out, Bangladesh came under immense pressure so far as its forex reserves are concerned from early last fiscal year (FY'23) because of quick fall of forex holding with the commercial banks in the wake of significant rise in import costs globally and less-than-expected levels of earnings from remittance and export receivables. Since then, the central bank, as part of its market intervention, intensified the sale of the greenback from its reserves to the banks to help them meet their foreign-currency obligations amid forex dearth.

<https://thefinancialexpress.com.bd/economy/bangladesh/banks-insatiable-appetite-drives-incessant-bb-dollar-sale>

Drought blights rain-fed rice farming

- Scanty rainfall in Bangladesh during this monsoon severely affects both Aman and Aus farming, foreboding a fall in the rain-fed staple production at a time of global food-security concern. The Aman variety of rice contributes 38% and Aus 7.0-8.0% to the country's total annual rice output. The subtropical country witnessed lower rainfall by 66% in April, 44% in May, 16% in June and nearly 50% in July (until July 24) at the prime of the rainy season, according to Bangladesh Meteorological Department (BMD) data.

<https://thefinancialexpress.com.bd/economy/bangladesh/drought-blights-rain-fed-rice-farming>

Banks raising interest rates

- Banks in Bangladesh are raising the interest rate on deposits gradually in order to lure depositors and improve their liquidity situation amid a lack of appetite among savers because of the stubbornly high inflation. Interest rates offered by banks vary. However, the weighted average rate on deposits offered by banks increased to 4.41%, the highest in one year, in May.
- A month ago, the weighted average interest rate on deposits was 4.38%, according to the Bangladesh Bank data. "Public sector borrowing and demand of loans from the private sector have increased and banks have to take deposits at a higher cost as there is a liquidity stress," said Mohammad Ali, managing director of Pubali Bank Ltd.

<https://www.thedailystar.net/business/economy/news/banks-raising-interest-rates-3378691>

Local handset making plunges

- The grim scenario of the mobile manufacturing industry in Bangladesh continues to persist as local production plunged by half in the first six months of 2023, primarily due to the expanding grey market. Local manufacturers produced 9.6 Mn handsets from January to June this year, down 48% from 18.5 Mn units in the same period a year earlier, according to the latest data of Bangladesh Telecommunication Regulatory Commission (BTRC).
- According to the Mobile Phone Industry Owners' Association of Bangladesh, smartphone sales plunged by 42% to 3.3 Mn in the first half of the current year compared to the same period of 2022. Meanwhile, feature phone sales plummeted by 40% year-on-year to 4.6 Mn.

<https://www.thedailystar.net/business/economy/news/local-handset-making-plunges-3378706>

Stocks:

ABBANK | AB Bank's profit surges over 34%

- AB Bank Ltd posted a 34.75% year-on-year growth in profit in the April-June quarter of 2023. Thus, the earnings per share rose to BDT 0.31 in the second quarter of the year from BDT 0.23 in the same quarter of 2022. The private commercial bank registered a 4% year-on-year jump in profit in the first half of 2023 as its EPS rose to BDT 0.43 from BDT 0.41, according to a posting on the Dhaka Stock Exchange. AB Bank shares closed at BDT 9.7 on the DSE yesterday, unchanged from a day earlier. The bank's paid-up capital is BDT 8.78 Bn and it provided 2% stock dividend to shareholders in 2022.

<https://www.thedailystar.net/business/economy/news/ab-banks-profit-surges-over-34-3378696>

OLYMPIC | Aziz Mohammad Bhai made chairman of Olympic Industries

- Olympic Industries Limited has appointed Aziz Mohammad Bhai, who holds 31 Mn shares in the country's leading biscuit manufacturer, as its chairman. The company has also appointed his sister Nurjehan Hudda as the acting managing director, according to a stock exchange filing.
- Both have been serving as directors for the company for a long time. However, Aziz did not attend any board meetings as he lives abroad. According to the annual report for fiscal year 2021-22, Olympic Industries held 14 board meetings, but Aziz did not participate in any of them.

<https://www.tbsnews.net/economy/stocks/aziz-mohammad-bhai-made-chairman-olympic-industries-671558>

NRBCBANK | NRB Commercial Bank's losses widened in Q2

- NRB Commercial Bank's losses widened in the April-June period of 2023. The fourth generation bank's earnings per share (EPS) hit BDT 0.51 in the negative in the second quarter of 2023, down from BDT 0.065 in the negative in the same period of 2022.
- The bank's EPS also declined in the January-June period, as it hit BDT 0.51 in the first half of 2023, down from BDT 0.73 in the same period the previous year. The banking financial institution shared the date through a web posting on the website of the Dhaka Stock Exchange (DSE).

<https://www.thedailystar.net/business/news/nrb-commercial-banks-losses-widened-q2-3378271>

UTTARABANK | Uttara Bank's profit falls 18%

- Uttara Bank's profits fell 18% year-on-year in the first six months of 2023. The bank's earnings per share (EPS) stood at BDT 1.64 in the January to June period of last year, down from BDT 2 in the same period of the previous year. Despite the profit fall, the bank's stock price remained unchanged at BDT 22 for consecutive two days at the Dhaka Stock Exchange (DSE).
- According to a posting on the DSE website, the bank's EPS dropped to BDT 0.9 in the second quarter of 2023 from BDT 1.38 in the same period of 2022. According to the DSE data, the bank's paid-up capital is BDT 7.33 Bn. It provided 14% stock and 14% cash dividend for its shareholders in 2022.

<https://www.thedailystar.net/business/news/uttara-banks-profit-falls-18-3378256>

UCB | UCB's profit falls 43.50% in April-June

- United Commercial Bank PLC suffered a 43.50% year-on-year decline in profit in April-June of 2023 owing to a significant decrease in the operating profit stemming from a spike in interest expenses on deposits and borrowings and operating expenditures. The profit stood at BDT 516.8 Mn in the second quarter of the financial year, down from BDT 915.5 Mn during the identical period a year ago, according to the unaudited financial statements of the private commercial lender.
- Thus, the consolidated earnings per share were BDT 0.35 in April-June of 2023 against BDT 0.62 in the same three-month period a year ago. UCB posted a BDT 1.004 Bn profit in January-June, a year-on-year decrease of 20% from BDT 1.26 Bn in the first half of 2022. As a result, the consolidated EPS fell to BDT 0.68 from BDT 0.85.

<https://www.thedailystar.net/business/news/ucbs-profit-falls-4350-april-june-3378196>

ISLAMICFIN | Islamic Finance suffers loss of BDT 5.61 Mn in Q2

- Islamic Finance & Investment, a publicly traded non-bank financial institution, reported a loss of BDT 5.61 Mn in the April-June quarter this year, attributed to an increase in provisions and profit suspense against non-performing loans. According to the company's disclosure on Monday, the earnings per share stood at BDT 0.04 in the negative, compared to BDT 0.32 in the positive for the same quarter the previous year.
- As the company suffered losses in the second quarter, its net profit plunged 97% year-on-year to BDT 2.80 Mn in the six months through June this year. Profit decreased substantially due mainly to an increase in provisioning against defaulted loans and a higher cost of funds, said an official of the company.

<https://thefinancialexpress.com.bd/stock/bangladesh/islamic-finance-suffers-loss-of-tk-561m-in-q2>

NBL | National Bank incurs BDT 6.27 Bn loss in six months

- The National Bank Limited incurred a loss of BDT 6.27 Bn in the first half of this year, which was 261% higher than the previous year at the same time. The bank approved its half-yearly financial statement at a board meeting held on Tuesday (25 July). During the January-June period, its consolidated loss per share was BDT 1.95, which was BDT 0.54 a year ago.
- In the second quarter (April-June), its consolidated loss per share jumped 172% to BDT 0.98, compared to the previous year at the same time. At the end of June this year, its net asset value per share was BDT 10.94, which was 15% lower than the last year.

<https://www.tbsnews.net/economy/stocks/national-bank-incurs-tk627cr-loss-six-months-671478>

ASIAINS | Asia Insurance reelects chairman

- Asia Insurance Ltd has reelected its chairman Yussuf Abdullah Harun at a meeting of its board of directors on Monday. Harun is a former chairman of Southeast Bank Ltd, former president of the Federation of Bangladesh Chambers of Commerce and Industry, and former director of Infrastructure Development Company Ltd.
- He obtained his bachelor's degree from the University of Dhaka and qualified as a chartered accountant from the Institute of Chartered Accountants in England and Wales, said a press release. Mohammed Jahangir Alam, chairman of MI Cement Factory Ltd, and Abul Bashar Chowdhury have been reelected vice-chairman and chairman of the insurer's executive committee respectively.

<https://www.thedailystar.net/business/economy/news/burimari-land-port-misses-revenue-target-again-3378526>

EMERALDOIL | Emerald Oil put on auction

- Emerald Oil Industries, listed on the capital market, has been put on auction as the Spondon-branded edible oil producer from rice husk could not pay back money to its lender, BASIC Bank Limited. Despite defaulting on a loan payment of BDT1.02 Bn, the company declared a 2% cash dividend for fiscal 2021-22, as it made a profit of BDT 12.1 Mn after five years since 2017.
- The lender BASIC published an auction notice on Tuesday in line with a court order for the sale of properties owned by Emerald Oil to retrieve the loan taken by its previous owners. The bank has sought applications from interested parties by 16 August. Recently, Emerald Oil shares soared by 249% to BDT182.5 on 12 July this from BDT 42.3 at the end of April. Although, after reaching the peak, the shares have now declined to BDT 154.5 each on 27 July.

<https://www.tbsnews.net/economy/stocks/emerald-oil-put-auction-671538>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 79.24	USD 4.03	5.36%
Crude Oil (Brent)*	USD 83.20	USD 5.42	6.97%
Gold Spot*	USD 1,962.71	USD 188.56	10.63%
DSEX	6,331.03	124.03	2.00%
S&P 500	4,567.46	727.96	18.96%
FTSE 100	7,691.80	240.06	3.22%
BSE SENSEX	66,355.71	5,514.97	9.06%
KSE-100	46,399.22	5,978.77	14.79%
CSEALL	11,073.01	2,570.52	30.23%

Exchange Rates**1 US Dollar = 108.53 BDT****1 GBP = 139.79 BDT****1 Euro = 119.83 BDT****1 INR = 1.33 BDT**

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