

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:**Scope for investment in saving tools to squeeze further as govt cuts borrowing target by 49%**

- The scope for investment in saving certificates is set to be squeezed further as the government has cut the target of borrowing from the tools by 49% year-on-year to BDT 180 Bn for FY24, according to finance ministry officials. The target was BDT 350 Bn in the original budget for the ongoing FY23, which was later revised down to BDT 200 Bn. The latest target is also the lowest in seven years. The previous lowest was BDT 196.1 Bn in FY17 when the total budget outlay was little more than BDT 4 Tn.
- Several officials familiar with the matter told The Business Standard that the finance ministry has reduced the borrowing target from saving certificates mainly for two reasons – cutting government expenditure on interest and following International Monetary Fund recommendations. The IMF has suggested that Bangladesh keep the saving tools borrowing at one-fourth of the total debt.

<https://www.tbsnews.net/economy/budget/scope-investment-saving-tools-squeeze-further-govt-cuts-borrowing-target-49-641062>

Govt to create BDT 1000 Mn fund for Smart Bangladesh vision

- The government is set to create a BDT 1000 Mn fund in the upcoming budget for research and innovation aimed at transforming the country into "Smart Bangladesh" by 2041, as envisaged by Prime Minister Sheikh Hasina. The innovation and research projects, tailored towards achieving the vision, by the country's youths will get financed from this fund under a single regulation. Finance ministry officials said the main theme of the next fiscal year's budget has been fixed with importance on building a Smart Bangladesh. The outline of the Smart Bangladesh 2041 will also be presented in the budget for the fiscal 2023-24.

<https://www.tbsnews.net/economy/budget/govt-create-tk100cr-fund-smart-bangladesh-vision-640462>

Bangladesh seeks refined fuels for July-Dec

- Bangladesh is seeking 95-octane gasoline, gasoil with 0.005% sulphur content and marine fuel with 0.5% sulphur content for the July-December period, the Bangladesh Petroleum Corp (BPC) said in a tender notice on its website on Monday. The country is seeking 60,000-80,000 tonnes of the higher 95-octane grade of gasoline, 1.1-1.2 Mn tonnes of gasoil and 30,000 tonnes of marine fuel for the period, BPC said. The mode of payment will be through letter of credit and the tender is valid until August 6. BPC controls the import and marketing of petroleum products in the South Asian country.

<https://www.tbsnews.net/economy/bangladesh-seeks-refined-fuels-july-dec-640566>

Binimoy and Bangla QR Code to drive cashless revolution for small traders

- Amidst the rising popularity of digital transactions in the country, the Bangladesh Bank is taking significant policy measures to streamline transactions and promote digital inclusion among small traders. Recently, the central bank introduced two services called "Binimoy" and "Bangla QR Code". The services are now in the pilot phase. Upon full implementation, these services are expected to bring about 70% of the country's population into the cashless network. Since its launch in 2011, Mobile Financial Services (MFS) have gained immense popularity in Bangladesh. However, one of the major hurdles faced by users is the inconvenience of transactions between different MFS providers, necessitating the opening of multiple mobile banking accounts at the customer level.

<https://www.tbsnews.net/supplement/binimoy-and-bangla-qr-code-drive-cashless-revolution-small-traders-640642>

Lifting of mandatory fumigation of US cotton to boost trade

- The lifting of the rule of mandatory fumigation of US cotton by Bangladesh has created a huge bilateral trade opportunity, said Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA). "Now the US cotton can be imported by Bangladeshi importers without fumigation. It will reduce time, hassle and cost of doing business of the importer in case of bringing in US cotton," Hassan said today.

<https://www.thedailystar.net/business/economy/news/lifting-mandatory-fumigation-us-cotton-boost-trade-3333571>

Sonali Bank sees best ever financial performance in 2022

- Sonali Bank, the largest state-owned bank of the country, has experienced its best ever year in 2022, excelling in all major financial indicators thanks to an increase in performing loans in small segment businesses. Net Interest Margin (NIM), the difference between interest expense and earnings, turned positive for the first time in last year. NIM was negative BDT 9.79 Bn in 2021, which turned to positive BDT 3 Bn in the last year, according to the bank. The interest income of the bank increased by nearly BDT 14 Bn in the last year from the year before. At the same time, expenditure on deposits declined by BDT 5 Bn in the last year from 2021.

<https://www.tbsnews.net/supplement/sonali-bank-sees-best-ever-financial-performance-2022-640558>

Most mobile data users want fixed floor price, fewer packages

- Setting a fixed floor price for data, decreasing the number of packages and providing flexible plans that carry forward are priority demands of mobile internet users in Bangladesh, according to a survey. The survey, conducted by the Bangladesh Telecommunication Regulatory Commission (BTRC), found that 54.9% of participants want mobile operators to provide a maximum of 40 to 45 data plans, down from 95 packages at present. The remaining 23.2% and 14% said the number of packages should be around 71 to 85 and 51 to 60 respectively.

<https://www.thedailystar.net/business/economy/news/most-mobile-data-users-want-fixed-floor-price-fewer-packages-3333586>

20% tax planned on interests on foreign loans

- Foreign loans will be costlier further as the government is likely to impose a 20% tax on the interest against loans from external sources, according to finance ministry officials. Such a move, if implemented in the upcoming FY2023-24, will increase the burden on businesses at a time when they are in a tight corner because of high production costs and a decline in demand, analysts and businessmen fear. The upcoming budget plans to withdraw the existing facility of tax-free interest payment of foreign borrowings and make mandatory the deduction of tax at source (TDS) at 20% on the inter-company loan interest.

<https://www.tbsnews.net/economy/budget/20-tax-planned-interests-foreign-loans-641086>

Moody's downgrades Bangladesh's credit rating

- International credit rating agency Moody's Investors Service (Moody's) today downgraded Bangladesh's long-term ratings to B1 from Ba3. This rating action concludes the review for the downgrade initiated in December 2022. Moody's assessment is that Bangladesh's heightened external vulnerability and liquidity risks are persistent, and that, together with institutional weaknesses uncovered during the ongoing crisis, the sovereign's credit profile is consistent with a B1 rating. Such type of downgradation means the local businesses will have to pay more to settle their global trades, a Bangladesh Bank official said.

<https://www.thedailystar.net/business/economy/news/moodys-downgrades-bangladeshs-credit-rating-3333476>

Tax cut proposal on furnace oil may get lukewarm response

- The government may turn down a proposal to waive tax on import of high-speed furnace oil (HFO) for electricity generation in the upcoming national budget scheduled to be placed in parliament on Thursday next. Official sources said the National Board of Revenue (NBR) would not be able to consider the plea as the HFO, or furnace oil, is one of the top five revenue-generating products with a contribution of more than BDT 40 Bn to the national exchequer.
- The Ministry of Power, Energy and Mineral Resources (MoPEMR) has sought the waiver on the excuse that it would save a subsidy worth BDT 5 Bn per month on electricity generation. In its proposal to the NBR, the ministry argued that the production cost of HFO-fired electricity would be reduced by BDT 2.738 per unit (kWh) if the customs duty and taxes of around 34% is exempted.

<https://thefinancialexpress.com.bd/economy/bangladesh/tax-cut-proposal-on-furnace-oil-may-get-lukewarm-response>

Revenue growth turns negative, yet lofty target set for FY24

- The National Board of Revenue (NBR) is going to be tasked with earning 16% more in the next fiscal year to bankroll over a BDT 7.6 Tn annual budget in the backdrop of a dismal performance with revenue growth turning negative in April for the second time since the pandemic. According to the latest data from the NBR, revenue collection in April was 2.29% lower than a year-ago period in stark contrast with the usual phenomenon of higher earnings towards the end of the fiscal year.
- Revenue growth was only 4% in July 2021, which shot up to 22.8% in April last year. The fiscal 2019-20 experienced negative growth in revenue collection because of Covid lockdowns that brought business to a standstill. Although the value-added tax (VAT) collection rose by 15%, a double-digit negative growth in collection from imports, income tax and travel tax led to the drastic fall in monthly revenue income in April this year, officials said.

<https://www.tbsnews.net/economy/revenue-growth-turns-negative-yet-lofty-target-set-fy24-641066>

Stocks:**BGIC | Bangladesh General Insurance declares 12% cash dividend for shareholders**

- In a recent announcement, Bangladesh General Insurance Company (BGIC) has declared a 12% cash dividend for its shareholders, marking a significant financial milestone for the 2021-22 period. With earnings per share (EPS) of BDT 1.53 and a net asset value per share of BDT 19.17, the company has demonstrated its robust performance and commitment to generating value for its investors. To discuss the company's achievements and future prospects, the annual general meeting (AGM) has been scheduled for 3 August.

<https://www.tbsnews.net/economy/stocks/bangladesh-general-insurance-declares-12-cash-dividend-shareholders-640498>

PURABIGEN | Purabi General Insurance announces 10% dividend for 2022 despite share price drop

- Purabi General Insurance Company has declared a 10% dividend (7% cash and 3% stock) for its shareholders, marking the end of 2022. The company reported earnings per share (EPS) of BDT 1.44 and a net asset value per share of BDT 13.69 for this period. To discuss these financial results and other matters, Purabi General Insurance has scheduled its annual general meeting (AGM) on 3 September 2023. Shareholders are advised to take note of the record date, which has been set for 10 July 2023.

<https://www.tbsnews.net/economy/stocks/purabi-general-insurance-announces-10-dividend-2022-despite-share-price-drop-640630>

SALVOCHEM | Salvo Chemical's profit drops 63% in Jan- Mar

- Salvo Chemical, which produces sulfuric acid, sulfate, battery-grade water, and glucose, posted a 63% year-on-year profit decline in the third quarter (January to March) of the current fiscal year due to the increasing cost of production. From January to March quarter, its earnings per share was BDT 0.42, which was BDT 1.14 in the same period of the previous year. From July to March period FY22, its EPS was BDT 1.42, which was BDT 2.49 a year ago.

<https://www.tbsnews.net/economy/stocks/salvo-chemicals-profit-drops-63-jan-mar-640510>

DGIC | Desh General Insurance faces 28% drop in first quarter profit

- Desh General Insurance Company Limited (DGIC) has revealed a significant decline in profits for the first quarter of 2023, marking a 28% year-on-year decrease. This news sent shockwaves through the market, leading to an 8.53% drop in the company's share price on the Dhaka Stock Exchange (DSE) on Tuesday (30 May). The decline in profit was attributed to various factors, including poor declaration and overall financial performance. Furthermore, Desh General Insurance announced a 5% cash dividend for its shareholders, reflecting the company's financial standing for the previous year, 2022.

<https://www.tbsnews.net/economy/stocks/desh-general-insurance-faces-28-drop-first-quarter-profit-640562>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 69.25	(USD 5.96)	-7.92%
Crude Oil (Brent)*	USD 73.41	(USD 4.37)	-5.62%
Gold Spot*	USD 1,954.19	USD 180.04	10.15%
DSEX	6,345.78	138.78	2.24%
S&P 500	4,205.52	366.02	9.53%
FTSE 100	7,522.07	70.33	0.94%
BSE SENSEX	62,969.13	2,128.39	3.50%
KSE-100	41,665.85	1,245.40	3.08%
CSEALL	8,532.60	30.11	0.35%

Exchange Rates

1 US Dollar = 107.26 BDT

1 GBP = 132.92 BDT

1 Euro = 114.85 BDT

1 INR = 1.30 BDT

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