

Weekly Market Update

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.04%) lost -2.71 points and closed the week at 6,352.84 points. The blue-chip index DS30 (-0.38%) lost -8.44 points and stood at 2,192.89 points. The Shariah-based index DSES (-0.08%) lost -1.14 points and stood at 1,378.43 points. The large cap index CDSET (-0.12%) lost -1.48 points and closed at 1,212.94 points. DSEX, DS30, DSES and CDSET showed YTD returns of +2.35%, -0.11%, +1.44%, -0.12%, respectively.

Total Turnover During the Week (DSE): BDT 54.4 billion (USD 502 million)

Average Daily Turnover Value (ADTV): BDT 10.9 billion (Δ% Week: -1.4%)

Market P/E: 18.5x

Daily Index Movement during the Week

The market performed Five sessions during this week. The market started on a positive note (+0.17%) on Sunday. However, it closed negative on Monday (-0.15%) and remained negative on Tuesday (-0.63%). However, it turned positive on Wednesday (+0.36%). Lastly, the market closed on a positive note (+0.22%) on Thursday.

Sectoral Performance

• Most of the financial sectors registered negative performance this week. General Insurance experienced the highest loss of -2.86% followed by Mutual Fund (-0.44%), NBFI (-0.19%), Bank (-0.12%), and Life Insurance (+12.72%).

• Non-financial sectors posted mixed performance this week. Engineering booked the highest gain of 0.20% followed by Fuel & Power (+0.03%), and Telecommunication (+0.00%). Food & Allied experienced the highest loss of 0.05% followed by Pharmaceutical (0.00%).

Macroeconomic arena

• Bangladesh gets USD 858 Mn World Bank loan for climate resilient agri, road safety. EPZ firms awarded extended bond licence facility. Litchi from local orchard going global. Bangladesh, Denmark sign BDT 4.74 Bn agreement for implementing bilateral dev programme. USD 1.62 Bn in private sector foreign loan instalments due in 2023. Bangladesh budget reinforces broadly steady fiscal prospects: Fitch Ratings. Interest rate cap withdrawal to affect investment: FBCCI. Investors want consistent, equitable tax regime. Weak taka number one risk for macro stability: Finance. BEZA study: Fuel crunch upsets most EZ investors. Gap between inflation, wage growth hits 9-month high. Leather and footwear export fall. Inflation, huge bank borrowing, forex situation major factors to implement budget. RMG export income rises, raw material imports fall in Q1 Supplementary budget for outgoing fiscal passed in JS Digital bank licence requires BDT 1250 Mn capital. Some challenges ahead for garment sector: BB. Deposits in banks rises by BDT 250 Bn in April. Widen corporate tax gap between listed, non-listed firms.

• Issuance of prepaid instruments to come under BB guidelines. Budget at odds with 'Smart Bangladesh' Islamic banks' loan surges 9 times their deposits in a year. Govt cuts public food imports to save forex. Inflation hits decade-high at 9.94% in May. Export earnings see USD 1 Bn jump in May. Foreign airlines' USD 214 Mn stuck in Bangladesh, now flyers paying the price. LC opening up 25% in May amid dollar dearth. 7.0% rise in allocation for transport, communication sector. Govt allows onion imports from Monday as price hits BDT 100/kg. Extended contractionary monetary policy might be needed: BB. Export dev fund cut by USD 400 Mn in May to increase net reserves. BDT 20.84 Bn land tax revenue collection target set for FY24. Some respite for cancer patients. Fix surcharge on property's present market value: IBFB. Cost of foreign trade, transactions likely to increase due to Moody's downgrading.

Stock Market arena

• ADNTEL | ADN Telecom to acquire 10% stake of Shohoj Ltd at BDT 12 Mn. PREMIERBAN | Premier Bank Declares 10% half-yearly coupon rate for perpetual bond. ILFSL | International Leasing's losses decrease in 2022. SONALIANSH | Lower exports shrink Sonali Aansh's profit by 83% in March quarter. Exchange | DSE calls for policy support. INTRACO | Intraco Refueling conditionally allowed to issue BDT 500 Mn bond. RINGSHINE | Losses of Ring Shine Textiles pile up. SHEPHERD | Shepherd Industries calls creditors meeting for merger with Shepherd Textile (BD) Ltd. AL-HAJTEX | Alhaj Textile chairman removed after ousted MD's lawsuit. GP | Grameenphone to halve carbon emission by 2030. EXCHANGE | General investors allowed to buy Treasury bonds. EMERALDOIL | Emerald Oil back to profits after five years. EXCHANGE | FY23's bleak business climate has driven out IPOs too. BERGERPBL | Berger to keep Rupali Chowdhury as MD for three years more. EXCHANGE | HC keeps BDT 3 Mn as minimum portfolio size for investing in SME stocks. EXCHANGE | Which listed firms to benefit or suffer from budget.

June 08, 2023 (Week: Jun 04, 2023 – Jun 08, 2023)

Dhaka Stock Exchange

DSEX ended in Red (-0.04%) in the week

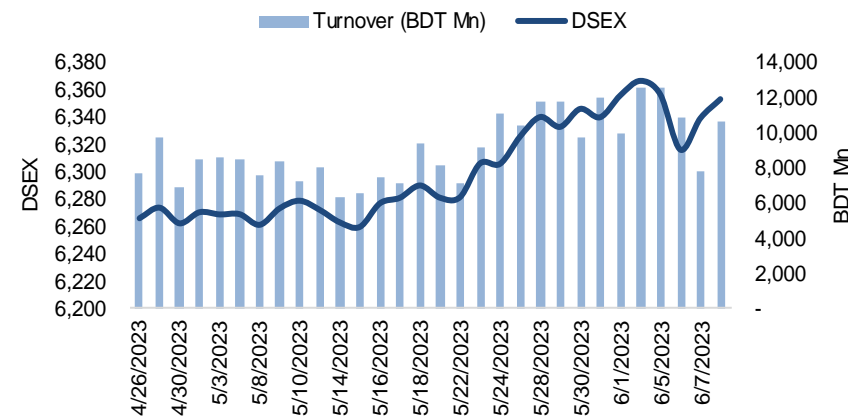
Table 1: Index

Index	Closing*	Opening*	Δ(Pts)	29-Dec-2022	Δ% Week	Δ% YTD
DSEX	6,352.84	6,355.56	-2.71	6,206.81	-0.04%	+2.35%
DS30	2,192.89	2,201.33	-8.44	2,195.30	-0.38%	-0.11%
DSES	1,378.43	1,379.57	-1.14	1,358.84	-0.08%	+1.44%
CDSET	1,212.94	1,214.42	-1.48	1,214.42	-0.12%	-0.12%

Table 2: Market Statistics

		This Week	Last Week	% Change
Mcap	Mn BDT	7,736,883	7,742,813	-0.1%
	Mn USD	71,327	71,382	
Turnover	Mn BDT	54,446	55,216	-1.4%
	Mn USD	502	509	
Average Daily Turnover	Mn BDT	10,889	11,043	-1.4%
	Mn USD	100	102	
Volume	Mn Shares	964	1,016	-5.1%

Figure 1: DSEX & Turnover in last four weeks



Md. Tanvir Ahmed
 Research Associate

(880) 1708805201

mtanvir.ahmed@bracepl.com

Billal Hossain
 Research Associate

(880) 1708805229

billal.hossain@bracepl.com

Table 3: Top Ten Gainers

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
TILIL	72.0	0.0	+60.4%	2,880	31.1	NM	NM
MEGHNALIFE	130.9	93.8	+39.6%	5,551	2,376.8	NM	NM
SKTRIMS	32.3	26.7	+21.0%	2,736	403.3	28.6x	2.1x
PROGRESLIF	107.0	88.6	+20.8%	1,781	271.6	NM	NM
YPL	24.3	20.6	+18.0%	1,791	361.5	NM	4.5x
GQBALLPEN	109.6	93.5	+17.2%	979	95.0	NM	0.9x
FINEFOODS	107.6	93.6	+15.0%	1,504	369.9	NM	10.2x
RUPALILIFE	239.5	208.6	+14.8%	7,188	1,593.1	NM	NM
BANGAS	146.1	128.0	+14.1%	1,114	239.8	NM	7.0x
SONALILIFE	111.5	98.7	+13.0%	5,296	827.6	NM	NM

Table 4: Top Ten Losers

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
NTC	447.4	532.4	-16.0%	2,953	58.0	NM	221.5x
MEGHNA PET	40.7	48.0	-15.2%	488	36.6	NM	NM
MEGCONMILK	30.2	35.6	-15.2%	483	27.5	20.4x	NM
SEAPEARL	198.3	226.7	-12.5%	23,945	943.0	28.7x	11.5x
CRYSTALINS	46.8	53.0	-11.7%	1,872	158.3	15.5x	1.8x
PARAMOUNT	51.6	58.3	-11.5%	2,098	156.2	29.5x	1.9x
NORTHERN	291.7	327.5	-10.9%	625	140.1	NM	3.6x
BDWELDING	23.8	26.7	-10.9%	1,032	55.6	NM	2.1x
MEGHNAINS	49.9	55.7	-10.4%	1,996	416.6	32.4x	3.3x
CAPMIBLIMF	14.1	15.7	-10.2%	943	60.5	NM	1.6x

Table 5: Top Ten Most Traded Shares

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
MEGHNALIFE	130.9	93.8	+39.6%	5,551	2,376.8	NM	NM
INTRACO	50.0	47.0	+6.4%	4,912	2,340.0	33.2x	3.9x
RUPALILIFE	239.5	208.6	+14.8%	7,188	1,593.1	NM	NM
RDFOOD	54.0	47.9	+12.7%	4,103	1,395.6	43.9x	3.4x
NAVANAPHAR	109.1	105.3	+3.6%	11,719	1,164.9	24.8x	2.7x
GEMINISEA	836.9	817.9	+2.3%	5,109	1,037.3	39.9x	33.0x
AGNISYSL	31.7	29.4	+7.8%	2,300	1,020.2	26.9x	2.0x
ITC	42.5	40.0	+6.3%	5,465	1,004.4	19.1x	2.3x
SEAPEARL	198.3	226.7	-12.5%	23,945	943.0	28.7x	11.5x
AAMRANET	74.8	78.7	-5.0%	4,637	918.4	19.6x	2.0x

Table 6: Most Appreciated YTD in BRAC EPL Universe

Company Name	Close*	YTD %Δ	Mcap**	PE	PB
HEIDELBCEM	277.7	+55.1%	15,691	48.8x	4.2x
UNIQUEHRL	72.9	+26.3%	21,462	12.8x	0.8x
OLYMPIC	154.8	+24.8%	30,951	18.8x	3.1x
ADNTEL	136.2	+19.4%	8,806	35.4x	4.9x
UNILEVERCL	2,041.2	+14.6%	39,343	44.7x	13.1x
PIONEERINS	75.1	+10.3%	6,677	12.6x	1.5x
MIRAKHTER	55.0	+8.3%	6,642	22.6x	1.2x
LHBL	69.0	+6.5%	80,135	14.8x	4.0x
JAMUNAOIL	177.0	+5.8%	19,545	6.5x	0.9x
BATASHOE	994.9	+4.5%	13,610	28.5x	3.8x

Table 7: Sector Indices

Sector Name	Week Close*	Week Open*	Year Open*	Δ% Week	Δ% YTD
Bank	1,443.3	1,443.9	1,427.09	-0.04%	+1.14%
NBFI	1,920.5	1,924.2	1,927.24	-0.19%	-0.35%
Mutual Fund	831.7	835.4	852.07	-0.44%	-2.39%
General Insurance	3,464.3	3,566.2	3,177.87	-2.86%	+9.01%
Life Insurance	3,397.4	3,014.1	2,492.91	+12.72%	+36.28%
Telecommunication	4,945.6	4,945.6	4,945.60	-	-
Pharmaceutical	3,705.9	3,705.9	3,754.47	-0.00%	-1.29%
Fuel & Power	1,708.5	1,708.0	1,694.29	+0.03%	+0.84%
Cement	2,566.7	2,664.4	2,319.67	-3.67%	+10.65%
Services & Real Estate	1,982.5	2,113.4	1,782.23	-6.19%	+11.23%
Engineering	4,518.3	4,509.3	4,503.40	+0.20%	+0.33%
Food & Allied	21,571.7	21,581.9	21,247.80	-0.05%	+1.52%
IT	3,371.8	3,393.1	3,004.33	-0.63%	+12.23%
Textile	1,623.9	1,630.3	1,621.87	-0.39%	+0.12%
Paper & Printing	10,822.7	11,067.8	10,388.08	-2.21%	+4.18%
Tannery	3,250.0	3,246.9	3,093.43	+0.10%	+5.06%
Jute	14,684.5	15,941.4	14,850.17	-7.88%	-1.12%
Ceramics	692.0	692.7	704.74	-0.09%	-1.80%
Miscellaneous	4,172.1	4,178.1	4,071.46	-0.14%	+2.47%

Table 8: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last Week	% Change	% of Total Turnover	PE	PB
Bank	74.8	125.2	-40.22%	+0.75%	11.8x	0.7x
NBFI	42.5	116.7	-63.57%	+0.43%	NM	4.4x
Mutual Fund	38.9	121.5	-67.96%	+0.39%	NM	0.7x
General Insurance	712.0	1,498.1	-52.48%	+7.14%	18.3x	1.6x
Life Insurance	2,126.1	1,515.3	+40.31%	+21.32%	NM	NM
Telecommunication	1.3	1.1	+17.82%	+0.01%	16.9x	4.3x
Pharmaceutical	691.1	894.4	-22.73%	+6.93%	19.4x	2.3x
Fuel & Power	1,050.2	610.6	+72.00%	+10.53%	23.6x	1.1x
Cement	303.1	469.3	-35.41%	+3.04%	31.3x	2.7x
Services & Real Estate	533.9	803.0	-33.51%	+5.35%	28.4x	1.0x
Engineering	681.4	543.6	+25.35%	+6.83%	72.5x	1.8x
Food & Allied	1,071.9	803.0	+33.49%	+10.75%	20.0x	8.1x
IT	1,116.2	898.4	+24.24%	+11.19%	30.8x	3.2x
Textile	528.3	485.0	+8.93%	+5.30%	83.8x	1.1x
Paper & Printing	269.4	424.8	-36.60%	+2.70%	40.2x	2.1x
Tannery	188.2	236.0	-20.26%	+1.89%	49.4x	3.4x
Jute	68.6	71.7	-4.44%	+0.69%	NM	-1247.0x
Ceramics	41.3	59.2	-30.15%	+0.41%	49.0x	1.9x
Miscellaneous	432.5	417.1	+3.68%	+4.34%	16.1x	1.8x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Company Name	Close*	YTD %Δ	Mcap**	PE	PB
EGEN	45.2	-13.2%	3,390	31.0x	2.0x
ISLAMIBANK	32.6	-1.2%	52,486	8.9x	0.8x
TRUSTBANK	31.7	-0.1%	27,142	12.0x	1.3x
BRACBANK	35.8	-0.0%	57,596	9.0x	0.9x
IDLC	46.5	-	19,330	10.7x	1.0x
IPDC	57.6	-	21,375	30.8x	3.1x
LANKABAFIN	26.0	-	14,010	28.0x	1.3x
ACI	260.2	-	19,829	NM	2.0x
LINDEBD	1,397.7	-	21,271	29.4x	3.5x
UPGDCL	233.7	-	135,475	16.7x	4.4x

*BDT

**BDT Mn

Important News: Business & Economy

Bangladesh gets USD 858 Mn World Bank loan for climate resilient agri, road safety

- Bangladesh and the World Bank yesterday signed two financing agreements totalling USD 858 Mn to enhance climate-resilient agricultural growth, food security, and improve road safety. The credits are from the World Bank's International Development Association (IDA) and have a 30-year term, including a five-year grace period. The USD 500 Mn Programme on Agricultural and Rural Transformation for Nutrition, Entrepreneurship, and Resilience (PARTNER) will help transform the agriculture sector by promoting crop diversification, food safety, and climate resilience across agri-food systems of Bangladesh.
- The USD 358 Mn Road Safety Project – which is the first dedicated road safety project in South Asia supported by the World Bank – will help the country improve road safety and reduce deaths and injuries from road traffic crashes in selected high-risk highways and district roads. In two national highways – N4 (Gazipur-Elenga) and N6 (Natore to Nawabganj) – the project will pilot comprehensive road safety measures, including improved engineering designs, signing and marking, pedestrian facilities, speed enforcement, and emergency care.

<https://www.tbsnews.net/economy/bangladesh-receives-858million-world-bank-improve-climate-resilient-agriculture-growth-and>

EPZ firms awarded extended bond licence facility

- The government has announced an extension of fiscal benefits for companies operating within the country's Export Processing Zones (EPZ) as part of its ongoing efforts to streamline business processes and reduce operational costs. Effective immediately, the customs authority, which falls under the purview of the National Board of Revenue (NBR), has revised its regulations to grant EPZ companies the ability to obtain bonded-warehouse licences for a period of three years. This marks an extension from the previous two-year licensing period. Besides, EPZ factories will now have the option to renew their bond licences every three years, providing them with increased flexibility and longer-term planning opportunities.

<https://thefinancialexpress.com.bd/economy/bangladesh/epz-firms-awarded-extended-bond-licence-facility>

Litchi from local orchard going global

- This year, a litchi orchard in Biral upazila of Dinajpur has started shipping the tropical fruit to France, indicating the growing volume of agricultural exports from Bangladesh. The first 300 kilogramme consignment of litchi was brought to Dhaka for shipping earlier this week, according to the deputy commissioner's office and Department of Agricultural Extension (DAE) in Dinajpur. And while the country has been exporting litchi to different markets across the globe since 1999, this is the first time that a single orchard was able to directly ship its fruits.

<https://www.thedailystar.net/business/economy/news/litchi-local-orchard-going-global-3340616>

Bangladesh, Denmark sign BDT 4.74 Bn agreement for implementing bilateral dev programme

- Bangladesh and Denmark on Wednesday signed a Framework Agreement of BDT 474 Bn for implementing the Bilateral Development Programme 2023-2028. The strategic objectives of the Framework Agreement will be complemented by cross-cutting priorities such as the strengthening of democracy, empowerment of youth, and improving gender equality through empowering women and girls, reads a press release.

<https://www.tbsnews.net/bangladesh/bangladesh-denmark-sign-tk474-crore-agreement-implementing-bilateral-dev-programme-645562>

USD 1.62 Bn in private sector foreign loan instalments due in 2023

- The country's private sector has to pay off instalments of long-term foreign loans amounting to USD 1.62 Bn in 2023 amid the ongoing dollar crisis. According to a report by the Bangladesh Bank, the principal amount of long-term foreign loans to be paid from January to December this year is USD 1.27 Bn with more than USD 354 Mn in interest payments. The central bank said the interest amount for 2023 is the highest in 31 years between 2009 and 2040.
- According to the central bank report, repayments of private sector long-term loans were USD 2.82 Bn during the year 2022, recording an increase of 29.6% over the previous year 2021 (USD 2.18 Bn). It is worthwhile to note that during the period of 2022, the new borrowings of this type of loan were USD 2.82 Bn, recording a decrease of 30.3% over the previous year 2021 (USD 4.05 Bn).

<https://www.tbsnews.net/bangladesh/162b-private-sector-foreign-loan-instalments-due-2023-645494>

Bangladesh budget reinforces broadly steady fiscal prospects: Fitch Ratings

- The government's projection that the budget deficit will remain broadly stable in the next fiscal year, FY24, could be vulnerable if growth undershoots the authorities' relatively optimistic target, Fitch Ratings says in a new report. Bangladesh's fiscal outcomes have often diverged significantly from budget forecasts, with persistent underspending against targets. Revised figures for FY23 point to a budget deficit target equivalent to 5.1% of the GDP, compared with an original target of 5.5% and Fitch's most recent projection of 5.7%, it said in a report published on 6 June (Tuesday).
- According to the report, this reflected "weaker-than-expected" spending on development, but also outperformance on revenue collection. These effects more than offset the impact of additional subsidy spending, which rose to 2.2% of the GDP against the original budget target of 1.8% amid high global prices for fertiliser, fuel and natural gas. Risks to the deficit could increase if real GDP growth falls below the authorities' projection of 7.5% in FY24, which could dampen the projected nominal growth in revenue of 15.5%. "We expect slightly slower economic growth of 6.5%, but consumer price inflation - at 10% year-on-year in May - is high and still rising, which may point to downside risks" the report says.

<https://www.tbsnews.net/economy/bangladesh-budget-reinforces-broadly-steady-fiscal-prospects-fitch-ratings-645266>

Interest rate cap withdrawal to affect investment: FBCCI

- If the bank interest rate cap is withdrawn and left to be decided by the open market, inflow of investment will be affected, said Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday. However, a large number of economists have been suggesting over many months to withdraw the interest rate cap for lowering the high inflation in the domestic markets. Previously, bank interest rates were increased to reduce inflation but the result was the opposite, as inflation could not be contained while investment was affected, said Jashim.

<https://www.thedailystar.net/business/economy/news/interest-rate-cap-withdrawal-affect-investment-fbcci-3340611>

Gold price rises by BDT 1,749 per bhoari

- The Bangladesh Jewellers Samity (BAJUS) has increased the price of gold by BDT 1,749 per bhoari. The new price has been set in view of the rise in the price of gold in the local market, the Bajus said in a statement on Wednesday (7 June). With the new rate effective from Thursday, 22-carat gold will cost BDT 98,444 per bhoari. Besides, the price of 21-carat gold will now cost BDT 93,964 per bhoari and 18-carat gold BDT 80,540.

<https://www.tbsnews.net/markets/gold-price-rises-tk1749-bhoari-645706>

Investors want consistent, equitable tax regime

- Presenting various difficulties in the country's current tax system, local and foreign investors have demanded a consistent and equitable tax regime that ensures an investment-friendly environment. A 5% advance income tax was imposed on the yearly turnover of the beverage products as minimum tax, which would have a huge impact on the companies in the long run, said Ta Duy Tung, managing director of Coca-Cola Bangladesh Beverages Limited, said at a post budget discussion organised by the American Chamber of Commerce in Bangladesh on Wednesday (7 June). Previously, the advanced income tax on beverage company turnover was 0.6%.

<https://www.tbsnews.net/economy/budget/investors-want-consistent-equitable-tax-regime-645806>

Weak taka number one risk for macro stability: Finance

- If the local currency loses its value against the dollar by one taka more, the government's subsidy spending for electricity alone will go up by BDT 4.74 Bn in the upcoming financial year. A 10% depreciation will mean an increase of BDT 38 Bn in government loans and guarantees in the fiscal 2023-24, the finance ministry projects. In a document it identifies losing value of taka as the number one risk for the macroeconomic stability for the next three years, which is not only fuelling inflation but also causing additional financial cost for the government.

<https://www.tbsnews.net/economy/weak-taka-number-one-risk-macro-stability-finance-645810>

BEZA study: Fuel crunch upsets most EZ investors

- A majority of the surveyed stakeholders, including investors in economic zones (EZs), have cited fuel crunch as one of the key economic challenges, according to a new study. It also identified high energy tariff, inadequate logistic infrastructure, hike in staff wages and complicated administrative procedure as major macroeconomic challenges. Management consulting firms Deloitte and DDC jointly did the study on market assessment and presented the findings to seek stakeholders' opinion at the event.
- According to the survey, 92% of the respondents expressed their willingness to procure land in the EZs while Chattogram is their most preferred destination. Khulna and Barishal regions are likely to become more popular in future, thanks to the opening of Padma Bridge and the development of Mongla and Payra ports. The study suggested strengthening BEZA's one-stop services (OSS), solving policy uncertainties and negotiations with financial institutions as some of the key issues to be addressed. It identified 20 priority sectors for EZ investors, including apparel, IT and software, pharmaceuticals and API, plastic and leather goods.

<https://thefinancialexpress.com.bd/economy/bangladesh/beza-study-fuel-crunch-upsets-most-ez-investors>

Gap between inflation, wage growth hits 9-month high

- The gap between inflation and the wage rate growth in Bangladesh rose to a nine-month high in May, deepening the cost-of-living crisis for the poor and the low-income groups as consumer prices continue to outpace real incomes. The Wage Rate Index (WRI) of the BBS that takes into account the wages of workers across 44 occupations in agriculture, industry and services rose 7.23% in April against a 9.24% spike in the Consumer Price Index. Although the wage growth has been slowly climbing since July last year, it has lagged the inflation rate for the 16th consecutive month.

<https://www.thedailystar.net/business/economy/news/gap-between-inflation-wage-growth-hits-9-month-high-3339811>

Leather and footwear export fall

- The exports of leather footwear from Bangladesh declined 4.28% year-on-year in July-May of the ongoing financial year owing to lower orders from Europe, the main market, official figures showed. Bangladesh shipped leather footwear worth USD 644 Mn during the 11-month period. It was USD 756 Mn in July-May of 2021-22, according to the Export Promotion Bureau (EPB). Leather exports also declined: it was down 18.11% to USD 114.59 million.

<https://www.thedailystar.net/business/economy/news/leather-and-footwear-export-fall-3340646>

Inflation, huge bank borrowing, forex situation major factors to implement budget

- Economists, experts and business leaders in a post budget meeting on Wednesday termed inflation, huge bank borrowing, forex situation and tax administration as the major factors ahead of the country's economy. "Total domestic financing requirement of the budget will be about BDT 1.6 Tn and since nonbank financing in the form of National Savings Certificates is very negligible or negative almost the entire amount would need to come from the domestic banking system," noted economist Dr Ahsan H Mansur told the meeting organised by the American Chamber of Commerce (AmCham).
- He noted that since the schedule banks are already suffering from liquidity shortage and very slow deposit growth (7.5% till April), government borrowing from the schedule banks will lead to crowding out of the private sector and push up the lending interest rates sharply.

<https://thefinancialexpress.com.bd/economy/bangladesh/inflation-huge-bank-borrowing-forex-situation-major-factors-to-implement-budget>

RMG export income rises, raw material imports fall in Q1

- The country's garment exports amounted to USD 12.25 Bn in the first quarter of this year, while the raw material imports for that sector during the same period were USD 3.54 Bn, according to Bangladesh Bank data. Considering the garment raw material imports in the October-December quarter of 2022 and the export earnings in January-March quarter this year, the value addition in this sector was USD 8.14 Bn or 70%, which was very high.
- Imports fell by 34.36% in the first ten months of FY23, compared to the same period previous year. Imports in the July-April period of the outgoing fiscal year were USD 56.36 Bn, which were USD 76.99 Bn in the same period of FY22, according to the central bank.

<https://www.tbsnews.net/economy/rmg-export-income-rises-raw-material-imports-fall-q1-645218>

Ecneec okays 18 projects, half of them are revised with cost overruns

- The trend of revisions in ongoing development projects has increased towards the end of the current financial year. Out of the total 18 projects, involving around BDT 113.88 Bn, approved at the Executive Committee of the National Economic Council (Ecneec) meeting held on Tuesday, the costs of nine projects have been revised.
- Out of the nine projects, six have already undergone cost revision one or more times. The original cost of the nine revised projects was around BDT 93.08 Bn, which now increased to around BDT 239.78 Bn.

<https://www.tbsnews.net/economy/ecneec-okays-18-projects-half-them-are-revised-cost-overruns-645146>

Supplementary budget for outgoing fiscal passed in JS

- Parliament on Tuesday passed the supplementary budget of BDT 172.99 Bn for the fiscal 2022-23 to meet the increased expenditures under different ministries and divisions.
- In 2022-23 fiscal the total budget was BDT 6.78 Tn in favour of 62 ministries and divisions. In the supplementary budget the expenditure in 22 ministries and divisions was increased by BDT 1012.54 Bn while expenditures in 40 ministries and divisions was reduced by BDT 423.24 Bn.

<https://www.tbsnews.net/economy/budget/supplementary-budget-outgoing-fiscal-passed-js-645126>

Bangladesh pays first foreign bill in taka

- Bangladesh has made the first payment for a mostly foreign loan-funded project in the taka, ushering in another mode of better preserving foreign currency reserves. The project is on constructing a 24-kilometre elevated expressway connecting Dhaka to Ashulia at a cost of BDT 176.53 Bn, or around USD 1.2 Bn. China is providing 85% of the cost as a loan at 2% interest, payable in 20 years, including a grace period of five years. The remaining 15% is being borne by the Bangladesh government. As for the 15% of the Bangladesh government, Shahabuddin Khan, the project director, said, "We convinced them (the contractor) to accept the bill in the taka as they will have some spending to do in Bangladesh."

<https://www.thedailystar.net/business/economy/news/bangladesh-pays-first-foreign-bill-taka-3339846>

Digital bank licence requires BDT 1250 Mn capital

- The Bangladesh Bank has set the minimum capital requirement for a digital bank at BDT 1250 Mn, a new banking concept in the country, when a conventional bank requires BDT 5 Bn to get the licence. A digital bank will be governed by the Banking Company Act, according to a guideline the Bangladesh Bank has finalised for placing in the next board meeting scheduled next week.
- The minimum shareholding of each sponsor will be BDT 5 Mn (maximum 10% or BDT 125 Mn), the guideline says. A digital bank must go for an initial public offering (IPO) within five years from the date of the licence issuance by the central bank and the IPO amount should be minimum to the sponsor's initial contribution. At present, the banking sector is oversaturated with 61 conventional banks in Bangladesh.

<https://www.tbsnews.net/economy/banking/digital-bank-licence-requires-tk125cr-capital-645230>

Some challenges ahead for garment sector: BB

- The garment sector may face some challenges in the days ahead due to persistent global trade tensions and economic slowdowns in export destinations, according to Bangladesh Bank. Garment exports maintained decent growth during the outgoing fiscal year of 2022-23. Bangladesh earned USD 12,255.75 Mn from garment exports in the January-March period of 2023, which was 0.77% higher than the commerce ministry's target for the quarter and 6.32% higher than that in the corresponding period of the previous year. However, this was 3.67% lower than that of the previous quarter owing to sluggish growth of the world economy.

<https://www.thedailystar.net/business/economy/news/some-challenges-ahead-garment-sector-bb-3339746>

New income tax law to be hard on evaders, simplifies rules for businesses

- The draft Income Tax Law 2023 appears to be stricter in certain aspects, while it has taken steps to amend archaic tax laws, making them more user-friendly for individuals and businesses alike. Among other significant features, willful evasion or attempts to evade income tax in the future may subject individuals to imprisonment, ranging from a minimum of six months to a maximum of five years. If an individual's annual income exceeds BDT 0.5 Mn, the submission of a statement of lifestyle expenses is likely to become mandatory in the income tax return. Also, in cases where the annual income surpasses BDT 4 Mn or if the taxpayer travels abroad, the submission of an asset statement becomes obligatory.
- In the draft law, the provision of buying land, plots, and flats with black money has been upheld. For this, everything can be legalised by paying taxes – fixed based on areas - in the same way as the previous time. However, for multiple land-flats, 20% additional tax has to be paid. Also, black money can be converted into white by paying an additional 10% of the prescribed tax.

<https://www.tbsnews.net/nbr/new-income-tax-law-be-hard-evaders-simplifies-rules-businesses-645202>

Deposits in banks rises by BDT 250 Bn in April

- Deposits in banks increased by about BDT 250 Bn in April, reflecting the customers' growing confidence despite a 9% inflation rate in the last few months. However, deposits in Islamic banks did not increase much; rather, the amount of excess liquidity in a number of such banks has dropped in the first quarter of this year.
- According to the Bangladesh Bank's data, the total amount of bank deposits stood at BDT 15.48 Tn at the end of April, which was BDT 15.23 Tn in March. The bulk of the increased amount – around BDT 200 Bn – in April was time deposits of various tenures, while the rest were demand deposits.

<https://www.tbsnews.net/economy/banking/deposits-banks-rises-tk2500cr-april-644574>

Widen corporate tax gap between listed, non-listed firms

- Stock market intermediaries yesterday urged the government to widen the corporate tax rate gap between listed and non-listed companies to encourage more companies to go public. They also called for reducing the tax imposed on brokers considering the bearish trend of the market. Currently, the corporate tax rate for listed companies is 20% while it is 27.5% for non-listed companies. These rates are not applicable for banks, insurance companies, non-bank financial institutions and telecommunication and tobacco companies.

<https://www.thedailystar.net/business/economy/news/widen-corporate-tax-gap-between-listed-non-listed-firms-3337896>

Japanese realtor JP Building starts journey in Bangladesh

- Japanese real estate and construction company JP Building started its journey in Bangladesh with an investment of USD 20 Mn (equivalent to BDT 2.16 Bn) in the next three years. Iwama Kiminori, Japan's Ambassador to Bangladesh, and Akio Yamamoto, chairman of JP Build BD Co Ltd, jointly inaugurated the "JP Build BD Co Ltd" and its first product Nippon elevator, at a ceremony on Monday at a city hotel. Yamamoto said the company has brought Japan's famous Nippon brand elevators to the Bangladesh market with Japanese modern technology and facilities with the best security system. This sophisticated and tasteful Nippon elevator will be available in the market from now on.

<https://www.tbsnews.net/economy/corporates/japanese-realtor-jp-building-starts-journey-bangladesh-644562>

Issuance of prepaid instruments to come under BB guidelines

- Issuing various prepaid instruments, such as cash vouchers, gift cards, cash cards, reward cards and wallets, by non-payment system entities is going to come under a legal framework that includes a provision prohibiting the purchase and conversion of illegal online gambling, betting, virtual currency, diamonds, coins etc.
- The central bank is set to issue guidelines to bring discipline to such prepaid transactions by private enterprises, including e-commerce companies, shopping centres and malls, who mainly use the prepaid payment instruments as a marketing tool. But according to central bank officials, the instruments sometimes offer unrealistic discounts or cash rewards that do not align with reality. Referring to the Digital Commerce Operation Guidelines 2021 by the commerce ministry, a senior Bangladesh Bank official said the issuance, use, sale and purchase of such items without prior approval from the central bank are prohibited.

<https://thefinancialexpress.com.bd/economy/bangladesh/issuance-of-prepaid-instruments-to-come-under-bb-guidelines>

Budget at odds with 'Smart Bangladesh'

- Terming the budget inconsistent with the aim of achieving 'Smart Bangladesh', business leaders of the ICT sector urged Prime Minister Sheikh Hasina to withdraw the 5.0% VAT on the software sector, proposed in the budget. Urging to extend the tax exemption facility for the ICT industry until 2030, they also said the announced budget for the fiscal year (FY) 2023-24 did not reflect the proposals of the information and communication technology (ICT) sector as expected.

- The leaders of the ICT sector trade-bodies said these in a press conference on post-budget reactions at BASIS Auditorium in Dhaka on Sunday. Bangladesh Association of Software and Information Services (BASIS), Bangladesh Computer Samity (BCS), Bangladesh Association of Contact Centre and Outsourcing (BACCO), Internet Service Providers Association of Bangladesh (ISPAB), and E-Commerce Association of Bangladesh (E-CAB) jointly organised the press conference.

<https://thefinancialexpress.com.bd/economy/bangladesh/budget-at-odds-with-smart-bangladesh>

Reduce VAT on jewelry sales to 3% from the existing 5%: Bajus

- Bangladesh Jewellers' Association (Bajus) on Monday (5 June) proposed cuts in the value-added tax (VAT) for jewellery sales from the existing 5% to 3%. This demand was made during a press conference held at the Bajus office in Bashundhara City Complex, Dhaka, regarding the proposed FY24 budget.
- According to Bajus, the current cost of a bhoori of 22-carat gold jewellery is BDT 96,694.35. With a 5% VAT, the price will rise to BDT 105,203. This price increase places an additional burden on consumers, the association added. However, Bajus believes that a VAT reduction would lower the cost of ornaments, encouraging more purchases and leading to increased government revenue.

<https://www.tbsnews.net/economy/reduce-vat-jewellery-sales-3-existing-5-bajus-644306>

Islamic banks' loan surges 9 times their deposits in a year

- Investments made by full-fledged Islamic banks in Bangladesh surged nearly nine times their deposits in a span of a year, raising questions as private sector credit growth has slowed in the entire banking sector, official figures showed. The banks registered an increase in investments, or loans, by BDT 460.11 Bn in January-March of 2023 compared to the identical quarter of 2022. Deposits rose by BDT 51.69 Bn during the same period, data from the Bangladesh Bank showed.
- On top of that, the full-fledged Islamic banks, now numbered 10, were the biggest sufferers of fund withdrawals after the banking sector was hit with fresh loan irregularities: they lost deposits amounting to BDT 4270 Mn in the first quarter of this year in comparison to the last quarter of 2022.

<https://www.thedailystar.net/business/economy/banks/news/islamic-banks-loan-surges-9-times-their-deposits-year-3338941>

Govt cuts public food imports to save forex

- Bangladesh plans to cut public foodgrain imports in the next fiscal year in an effort to save foreign currencies and avoid putting further pressure on the already strained forex reserves. The Directorate General of Food will buy 500,000 tonnes of rice and 600,000 tonnes of wheat from the international market in 2023-24 to build public food stocks and distribute the grains through various social protection schemes, including subsidised sales among low-income people. The targeted rice purchase is 44% lower than the revised estimated import of the cereal at 900,000 tonnes for the ongoing financial year, according to the budget documents of the finance ministry.

<https://www.thedailystar.net/business/economy/news/govt-cuts-public-food-imports-save-forex-3338911>

Inflation hits decade-high at 9.94% in May

- Bangladesh continues to experience a sharp rally in inflation despite a decline in global commodity prices, primarily due to supply-side constraints. According to the latest report from the Bangladesh Bureau of Statistics (BBS) on Monday, the monthly inflation rate in May soared to a decade-high of 9.94%, up from 9.24% in the previous month, as both rural and urban people are paying higher prices for food and non-food items.
- The surge in the inflation is higher than the 7.32% growth in wages in May, the statistical agency also revealed, indicating the hardship for fixed income earners. Supply-side disruptions, specifically the higher cost of production, have been identified as the primary drivers of inflationary pressure. Immediate measures are being urged to alleviate power and energy crises in order to facilitate production activities.

<https://www.tbsnews.net/economy/inflation-reaches-994-may-highest-over-decade-bbs-644334>

Export earnings see USD 1 Bn jump in May

- Bangladesh's merchandise exports grew 26% to USD 4.85 Bn this May, compared to USD 3.83 Bn in the same month last year, according to data released by the Export Promotion Bureau (EPB) on Sunday. EPB data reveal that merchandise exports from July to May of the current fiscal 2022-23 surged by 7.11% year-on-year, reaching USD 50.5 Bn.
- Despite the year-on-year growth, the current earnings still fall 5.29% short of the government-set target of USD 5.12 Bn for the month of May. The surge in May export receipts follows two consecutive months of negative growth and is primarily driven by a significant jump in apparel exports. In March this year, the country's total export earnings were USD 4.64 Bn, which fell to USD 3.96 Bn in the following month, EPB data show.

<https://www.tbsnews.net/economy/export-earnings-see-1b-jump-may-643810>

Foreign airlines' USD 214 Mn stuck in Bangladesh, now flyers paying the price

- In a surprising revelation, travellers flying from Bangladesh to various foreign destinations are experiencing significantly higher ticket prices compared to those flying from India. Emirates Airlines, for instance, offers tickets from Kolkata to Dubai for as low as just above INR 24,000 (around BDT 31,000). The same airline will charge BDT 65,000 for a Dubai ticket from Dhaka. The price difference applies to other airlines as well that operate international flights to and from both India and Bangladesh.
- Aviation insiders have said foreign airlines restricted lower-priced ticket sales from Dhaka as global carriers cannot repatriate sales proceeds from Bangladesh due to the persisting dollar crisis. This is among the reasons travellers from Bangladesh are paying much higher for the same global destinations than those flying from India.

<https://www.tbsnews.net/economy/aviation/foreign-airlines-214m-stuck-bangladesh-now-flyers-paying-price-644598>

LC opening up 25% in May amid dollar dearth

- The opening and settlement of import letters of credit (LCs) increased by about 25% and 10%, respectively, in May compared to April of the current fiscal year amid the ongoing dollar crisis. According to Bangladesh Bank data, new LCs worth about USD 5.33 Bn were opened in May, which is USD 1.03 Bn more than in April. At the same time, LCs worth USD 4.69 Bn were settled by banks in May, which was a 10% increase over the previous month.
- Bankers are now worried about the dollar flow in the system as the demand for imports may increase further in June centring Eid-ul-Azha. LC opening reached a 32-month low in April due to a combination of restrictions implemented by the central bank and the ongoing dollar crisis. Additionally, LC settlement reached a 21-month low in that month.

<https://www.tbsnews.net/economy/banking/lc-opening-25-may-amid-dollar-dearth-644030>

7.0% rise in allocation for transport, communication sector

- A 7% increase in allocation for the transport and communication sector has been proposed in the budget for the upcoming fiscal year of 2023-24. The road transport sector gets the highest allocation as it is to start two metro rail projects. According to the proposed budget for FY 2023-24, BDT 876.29 Bn has been set aside in the budget for construction of rail, bridge and others.
- During the FY 2022-23, allocation for the sector was BDT 815.19 Bn. However, the highest 13% increase in the budget has been proposed for the road transport sector, under which the MRT 1 and MRT 5 North will be implemented in the upcoming FY. The budget proposed a total of BDT 677.93 Bn for the rail, bridge and road transport -- highest BDT 397.10 Bn for road transport, in FY 2023-24 including BDT 340.62 Bn under the Annual Development Programme (ADP). The division received BDT 352.48 Bn in the current FY 2022-23.

<https://thefinancialexpress.com.bd/economy/bangladesh/70pc-rise-in-allocation-for-transport-communication-sector>

Chemical warehouses finally moving to Shyampur

- Fifty-four temporary chemical warehouses built under the Prime Minister's priority-based "Warehouse construction for the storage of chemicals on a temporary basis" project have been inaugurated in Shyampur to relocate chemical warehouses from Old Dhaka. The project is implemented by the Bangladesh Chemical Industries Corporation (BCIC) under the Ministry of Industries. Industries Minister Nurul Majid Mahmud Humayun and Dhaka South City Corporation (DSCC) Mayor Sheikh Fazle Noor Taposh inaugurated the temporary warehouses on Sunday.
- The project was launched in March 2019, and its construction was completed recently. The estimated cost of the project is BDT 0.7144 Bn, but the actual cost stands at BDT 0.6251 Bn, of which the government gave BDT 0.5827 Bn and the BCIC gave BDT 0.0424 Bn.

<https://www.tbsnews.net/economy/industry/chemical-warehouses-finally-moving-shyampur-644058>

Govt allows onion imports from Monday as price hits BDT 100/kg

- The government has decided to allow the import of onions starting from Monday (5 June) in an effort to curb the steep rise in prices of this essential kitchen ingredient. In a press release issued on Sunday, the Ministry of Agriculture announced its decision to allow onion imports. Initially, onions were being sold at BDT 30-35 per kg during the onion season, thanks to a good production. However, after the last Ramadan Eid, onion prices suddenly began to surge.
- On Monday, onion prices reached alarming levels, reaching as high as BDT 100 per kg in various kitchen markets in the capital, rendering it unaffordable for low-income people. In some areas, prices even soared up to BDT 105 per kg.

<https://www.tbsnews.net/markets/govt-allows-onion-imports-monday-643898>

Loss of duty benefits drives up sugar price

- Sugar prices have risen at the wholesale level amid speculations that import costs could go up seeing how the National Board of Revenue (NBR) has not extended duty benefits for importing the sweetener. Sugar prices have been volatile in the domestic market for several months now. With this backdrop, the commerce ministry sent a letter to the NBR in January, recommending lower duties for refiners in a bid to normalise the market.
- Then in February, the NBR slashed the 30% regulatory duty by 5% points. The revenue authority also removed the import duty on unrefined and refined sugar, which previously stood at BDT 3,000 per tonne and BDT 6,000 per tonne respectively.

<https://www.thedailystar.net/business/economy/news/loss-duty-benefits-drives-sugar-price-3336991>

Extended contractionary monetary policy might be needed: BB

- The stubbornly high inflation has raised concerns that inflation expectations would become unanchored, meaning inflation will get much worse, which may necessitate an extended period of contractionary monetary policy, said Bangladesh Bank.
- Inflation in Bangladesh fell slightly to 9.24% in April from a seven-month high of 9.33% in March. In August, it escalated to a decade high of 9.52%. The central bank unveiled the review when it is set to disclose the monetary policy statement on June 18 for the upcoming fiscal year.

<https://www.thedailystar.net/business/economy/news/extended-contractionary-monetary-policy-might-be-needed-bb-3337906>

Export dev fund cut by USD 400 Mn in May to increase net reserves

- The Bangladesh Bank reduced the outlay of the Export Development Fund, widely known as EDF, by USD 400 Mn in May this year just to increase net foreign exchange reserves following the International Monetary Fund (IMF) conditions. The IMF, while granting USD 4.7 Bn loans at the end of January this year, suggested Bangladesh increase its net reserves to over USD 24 Bn by June, which is currently a bit lower than the prescribed amount, according to officials.
- The central bank, however, does not publish data on net reserves. Rather, it calculates gross foreign exchange reserves, which were USD 29.87 Bn as of Thursday last. The gross reserves include the export development fund – meaning that the cut has no impact on disclosed reserves.

<https://www.tbsnews.net/economy/banking/export-dev-fund-cut-400m-may-increase-net-reserves-644054>

State enterprises may see higher losses next fiscal year

- State-owned enterprises (SOEs) in Bangladesh will likely incur collective losses of BDT 147.03 Bn in the coming fiscal year, according to the finance ministry. This projection is 7% higher than the provisional estimate of BDT 137.4 Bn for the outgoing fiscal year, shows a summary of the proposed budget for SOEs in FY2023-24.
- As per the document released by the Finance Division on June 1, the Bangladesh Power Development Board (BPDB) recorded the highest loss of BDT 69.69 Bn in FY 2022-23. The Bangladesh Sugar and Food Industries Corporation (BSFIC) came in second with losses of BDT 6.78 Bn while the Bangladesh Jute Mills Corporation (BJMC) placed third with BDT 2.84 Bn. Meanwhile, the Bangladesh Road Transport Corporation faced net losses of BDT 0.848 Bn while it was BDT 0.4931 Bn for the Bangladesh Inland Water Transport Corporation.

<https://www.thedailystar.net/business/economy/news/state-enterprises-may-see-higher-losses-next-fiscal-year-3336976>

NDB to finance water supply and gas pipeline construction projects in Bangladesh

- The New Development Bank (NDB) is eager to finance Expanded Dhaka City Water Supply Resilient Project and Replacement of Gas Pipeline between Dhaka and Narayanganj Project. The New Development will provide USD 677 Mn loan for the development of the water and sanitary sector and the gas sector of Bangladesh. NDB will give USD 235 Mn loan for a water supply project of Dhaka Water and Sewerage Authority (Wasa) and USD 442 Mn for the repair and replacement of leaky gas pipelines across Dhaka and Narayanganj.

- The bank is currently evaluating Dhaka WASA's Expanded Dhaka City Dhaka Water Supply Network Improvement Project under which distribution network of the Padma (Jashaldia) Water Treatment Plant (WTP) will be constructed, reads an Economic Relations Division press release.

<https://www.tbsnews.net/bangladesh/ndb-finance-water-supply-and-gas-pipeline-construction-projects-bangladesh-642678>

As inflation roars FinMin pins hope on falling global prices

- The persistently high inflation is a cause of concern for the government, but it has not yet gone out of control, Finance Minister AHM Mustafa Kamal said on Friday. Efforts are underway to address the causes of inflation and tax exemption on imported goods is one of the measures that would provide relief to the public by reducing the prices of essential commodities, he said at a post-budget press conference at the Bangabandhu International Conference Centre. Additionally, the government plans to facilitate the easy import of daily necessities to ensure a steady supply in the market, he maintained, acknowledging that inflation cannot be entirely curbed since it is a global issue.

<https://www.tbsnews.net/economy/budget/budget-fy24-awarded-all-rich-and-poor-kamal-642830>

Govt aims to attract local entrepreneurs in container business

- The government has proposed to reduce the total tax incidence on all types of containers to create opportunities for local entrepreneurs aiming to save billions of dollars each year. During the budget speech, Finance Minister AHM Mustafa Kamal said, "In order to create domestic entrepreneurs in this sector, I propose to reduce the total tax incidence on all types of containers where customs duty rate will be 15% on both types of containers and total tax liability will be 20% in both cases." Even though Bangladesh-flagged ships are sailing in international waters, the container business is controlled by 100% foreign companies.

<https://www.tbsnews.net/economy/govt-aims-attract-local-entrepreneurs-container-business-642686>

'Proposed budget a bane for IT'

- Despite the government's emphasis on promoting technology, the proposed budget for fiscal 2023-24 includes measures that are expected to raise the cost of importing IT hardware and software, which could potentially hinder the growth of the industry. According to industry insiders, the increase in import duties on key components and the introduction of an additional VAT levy will result in higher expenses for hardware and software. This, in turn, will reduce protection and incentives for the development of local software.

<https://www.tbsnews.net/economy/budget/proposed-budget-bane-it-642910>

BDT 20.84 Bn land tax revenue collection target set for FY24

- The target for land revenue, specifically as non-NBR tax, has been set at BDT 20.84 Bn with a proposed allocation of over BDT 24.59 Bn for the Ministry of Land for the Fiscal Year (FY) 2023-24. As per the budget dockets, for the FY2022-23, more than BDT 23.83 Bn was proposed for the ministry but the amount was later revised and reduced to around BDT 19.5 Bn. Thursday's (1 June) budget speech of Finance Minister AHM Mustafa Kamal highlighted ongoing efforts to renovate, expand, and modernise the record rooms of Deputy Commissioners' offices, as well as the establishment of record rooms and the modernisation of upazila land offices.

<https://www.tbsnews.net/nbr/tk2084cr-land-tax-revenue-collection-target-set-fy24-643170>

Some respite for cancer patients

- Manufacturers of cancer medicines will be able to sell the lifesaving drugs at reasonable prices after the National Board of Revenue (NBR) extended duty-free import benefits to 100 more raw materials used to make such products. If the prices of the expensive drugs remain unchanged at a time when almost all goods and services in Bangladesh have become costlier, this will come as a huge relief for the rising number of cancer patients.
- The revenue authority has been offering the concessionary duty benefit for the import of ingredients of cancer drugs since 2015 in order to encourage domestic production and reduce the cost of medicines. It expanded the list of ingredients in 2021 and the latest exemption comes in the proposed budgetary measures placed by Finance Minister AHM Mustafa Kamal for the next fiscal year of 2023-24.

<https://www.thedailystar.net/business/economy/news/some-respite-cancer-patients-3337016>

Businesses want energy first

- The energy crisis has featured dominantly as businesses scanned the proposed budget to see what they got to move forward and what more they need. They suggest, at a time of acute shortage, energy now needs more allocation than sectors like road transportation to ensure uninterrupted supply to industries to help them run at full capacity, give more revenue to the exchequer, and attract companies willing to shift from some Asian countries. The apex trade body, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) was more specific about the most burning issue for the business.

<https://www.tbsnews.net/economy/budget/businesses-want-energy-first-643494>

Private investment target not possible: CPD

- To achieve the private investment target in the next fiscal year as per the finance minister's wish, Bangladesh needs an additional BDT 4040.97 Bn of private investment, an increase of 41.8% compared to the outgoing fiscal year, according to the Centre for Policy Dialogue (CPD). The CPD made the disclosure at its post-budget briefing where the think-tank presented its detailed analysis of the budget for FY2023-24 at a hotel in Gulshan on Friday.
- "It is not possible to achieve the private investment target as the investment-enabling environment will not improve overnight," Dr Fahmida Khatun, executive director of the CPD. For the outgoing fiscal year, Finance Minister AHM Mustafa Kamal had set a private investment target of 24.8% of GDP, then he revised the figure by 3% points. Yet, he proposed a very ambitious private investment target of 27.4% of GDP for the upcoming year and his projections surprised economists.

<https://www.tbsnews.net/economy/budget/budget-made-unrealistic-assumptions-targets-are-illusory-cpd-642670>

Fix surcharge on property's present market value: IBFB

- Valuation of properties when determining surcharge on net minimum wealth should be based on current market value, not their purchase value, according to research and advocacy platform the International Business Forum of Bangladesh (IBFB). For instance, anyone who had bought a house in Gulshan 40 years ago now pays surcharge on its market value at that time, which is not reasonable, said Humayun Rashid, president of the IBFB. They have to pay surcharge on the estimated value at present, he said, adding that this would help generate more revenue for the government.

<https://www.thedailystar.net/business/news/fix-surcharge-property-s-present-market-value-ibfb-3336636>

49 state-owned enterprises lose BDT 137.41 Bn

- After nine years of profit-making, forty-nine state-owned enterprises (SOEs) are set to count massive losses in the outgoing fiscal year (FY), 2022-23. According to the Bangladesh Economic Review-2023 released last Thursday, the net loss of those companies and corporations has been estimated at BDT 137.41 Bn (provisional figure).
- The balance sheet of the SOEs suddenly turned too grim mainly due to worst performance of the Bangladesh Petroleum Corporation (BPC) and the Bangladesh Power Development Board (BPDC) whose loss-making rose manifold in FY23. Among the enterprises, the BPC suffered the highest BDT 70.87-Bn losses, which was over 257% higher than the last fiscal's BDT 19.83 Bn.

<https://thefinancialexpress.com.bd/economy/bangladesh/49-state-owned-enterprises-lose-tk-13741b>

Cost of foreign trade, transactions likely to increase due to Moody's downgrading

- Economists and bankers think the cost of spending in foreign currencies is likely to be increased due to the downgrading of Bangladesh's sovereign rating and negative rating actions against some banks by Moody's Investors Service. On May 30, the US-based global credit rating agency downgraded Bangladesh government's long-term issuer rating to B1 from Ba3 for first time since inception of the rating in 2010.
- "The cost of using foreign currencies will increase for the banks. Private sector entrepreneurs will have to spend more on interest to get foreign loans," said the executive director at the Policy Research Institute. He said the downgrading of the sovereign means all the banks' ratings have been downgraded by one notch automatically. The ratings of banks with reported lack of corporate good-governance will be lowered by another notch.

<https://thefinancialexpress.com.bd/economy/bangladesh/cost-of-foreign-trade-transactions-likely-to-increase-due-to-moodys-downgrading>

Important News: Capital Market**ADNTEL | ADN Telecom to acquire 10% stake of Shohoj Ltd at BDT 12 Mn**

- Publicly listed IT and telecommunication services provider ADN Telecom is going to acquire a 10% stake at Shohoj Limited — the pioneer of Bangladesh's largest online ticketing platform "Shohoz" — at a cost of BDT 120 Mn. This is the first local investment in Shohoj Limited, and the company will use the fund to expand its business. ADN Telecom's Managing Director Henry Hilton told The Business Standard, "This investment was planned seeing good business potential from the share acquisition. Not only will it help Shohoj expand its business, but also help us expand ours." "Apart from this, our expert team and Shohoj's team will work on business development," he added.

<https://www.tbsnews.net/economy/stocks/adn-telecom-acquire-10-stake-shohoj-ltd-tk12cr-645778>

PREMIERBAN | Premier Bank Declares 10% half-yearly coupon rate for perpetual bond

- Premier Bank has recently announced the coupon rate for its perpetual bond traded on the Dhaka Stock Exchange (DSE) for the period from 27 December 2022 to 26 June 2023. The bank has set the half-yearly coupon rate at an attractive 10%. In an official disclosure made on Tuesday (6 June), the bond's trustee revealed the details on the websites of both stock exchanges. The announcement has generated significant interest among investors, highlighting the bank's commitment to providing an appealing return on investment. This move further solidifies Premier Bank's position in the financial market, demonstrating its strength and reliability.

<https://www.tbsnews.net/economy/stocks/premier-bank-declares-10-half-yearly-coupon-rate-perpetual-bond-644778>

ILFSL | International Leasing's losses decrease in 2022

- Scam-hit International Leasing and Financial Services Limited has reported a consolidated loss per share of BDT 8.05 in 2022, which was BDT 9.26 in the previous year. Because of this loss, the company did not declare any dividend for 2022. The company has fixed its annual general meeting (AGM) on 17 July this year. The record date is 26 June. Its net asset value per share stood at a negative BDT 162.24 at the end of 2022. Its shares, having a face value of BDT 10 each, have been stuck at floor price of BDT 5.6 since September last year. In September 2022, the company decided to offer ownership to its depositors and lenders.

<https://www.tbsnews.net/economy/stocks/international-leasing-losses-tk805-share-644754>

SONALIANS | Lower exports shrink Sonali Aansh's profit by 83% in March quarter

- Sonali Aansh Industries Ltd – a publicly listed exporter of jute products – has reported an 83% year-on-year profit decline in the January to March quarter of the ongoing 2022-23 fiscal year owing to a decrease in the company's exports. During the period, the company's net profit stood at BDT 1.6 Mn, which was BDT 9.7 Mn in the same quarter previous fiscal. Its earnings per share (EPS) stood at BDT 0.3. The company's net operating cash flow per share stood at BDT 12.51 and net asset value per share at BDT 115.61 at the end of March 2023. According to a senior official of the company, Sonali Aansh could not export enough of its products because of a decrease in global demand.

<https://www.tbsnews.net/economy/stocks/lower-exports-shrink-sonali-aanshs-profit-83-march-quarter-645162>

Exchange | DSE calls for policy support

- The Dhaka Stock Exchange (DSE) yesterday placed a six-point demand related to taxes for consideration in the proposed national budget for the fiscal year of 2023-24. The demands are reducing the corporate tax gap between listed and non-listed companies, waiving the tax on the income from bonds, considering source tax on dividends as the final tax, and lowering the taxes faced by stockbrokers. The DSE also called for reducing the tax burden for the listed small and medium enterprises and cutting the value-added tax for all listed companies to 10% from 15%.

<https://www.thedailystar.net/business/economy/stock/news/dse-calls-policy-support-3339806>

INTRACO | Intraco Refueling conditionally allowed to issue BDT 500 Mn bond

- The Bangladesh Securities and Exchange Commission (BSEC), with some conditions, has recently allowed Intraco Refueling Station Limited to issue a convertible bond worth BDT 500 Mn. BSEC Executive Director Mohammad Rezaul Karim said the commission has issued a letter of intent in this regard. City Bank Capital Resources Limited, an issue manager of Intraco's bond, did not make any comment in this regard. Intraco posted a revenue of BDT 1.08 Bn and a net profit after tax of BDT 103.4 Mn in the fiscal 2021-22. As of 30 April 2023, sponsors and directors jointly held 30.06%, institutions 21.82%, and the general public 48.12% shares in the company.

<https://www.tbsnews.net/economy/stocks/intraco-refueling-conditionally-allowed-issue-tk500cr-bond-644558>

RINGSHINE | Losses of Ring Shine Textiles pile up

- Ring Shine Textiles Ltd, in the first nine months of the 2022-23 fiscal year, has reported a per share loss of BDT 1.49, which was BDT 0.94 in the July to March period of the previous fiscal. According to the company's un-audited financials, its loss per share in the January to March quarter of 2023 stood at BDT 0.73, which was BDT 0.59 in the same quarter a year ago. Its shares are trading below face value at BDT 9.8 apiece at the Dhaka Stock Exchange (DSE) since September last year.

<https://www.tbsnews.net/economy/stocks/ring-shine-textiles-loss-piles-july-march-644202>

SHEPHERD | Shepherd Industries calls creditors meeting for merger with Shepherd Textile (BD) Ltd

- Taiwan-based textile company Shepherd Industries Limited has announced a creditors meeting scheduled for 18 June to seek approval for the proposed amalgamation of its sister concern, Shepherd Textile (BD) Limited. Following a decision made by the Shepherd Industries board in August of last year, the company has taken steps towards merging with its sister concern. In 2019, the Bangladesh Securities and Exchange Commission (BSEC) rejected Shepherd Industries' proposal to acquire 15 Mn shares of the shell company Shepherd Jeans Ltd for BDT 150 Mn.

<https://www.tbsnews.net/economy/stocks/shepherd-industries-calls-creditors-meeting-merger-shepherd-textile-bd-ltd-644282>

AL-HAJTEX | Alhaj Textile chairman removed after ousted MD's lawsuit

- The Bangladesh Securities and Exchange Commission (BSEC) removed three of the five independent directors at Alhaj Textile Mills Ltd, including its Chairman Khondoker Kamaluzzaman, on Monday. The two other removed independent directors are MD Zikrul Hoque and AFM Abdul Moyeen—both, alongside Kamaluzzaman and three other shareholder directors, were made respondents to a recent suit by the company's ousted managing director (MD) Md Mizanur Rahman.
- Retired Bangladesh Bank executive director Syed Tariquzzaman, Novartis Bangladesh Chief Financial Officer Fahmid Wasik Ali have been appointed as the new independent directors, while two of the previous independent directors — Bangladesh Academy for Securities Markets' Senior Faculty Member Md Selim, Dhaka University's Associate Professor of Finance Dr Muhammad Saifuddin Khan to remain with their assignment to bring back the company into the regular track.

<https://www.tbsnews.net/economy/stocks/alhaj-textile-chairman-removed-after-ousted-mds-lawsuit-644550>

GP | Grameenphone to halve carbon emission by 2030

- Leading telecom operator Grameenphone has pledged to reduce its carbon emissions by 2030. The organisation has set a target to reduce 50% carbon emissions (CO₂) by 2030, taking 2019 emissions as the baseline, the mobile phone operator said in a statement. GP said it converted around 1,200 towers into solar energy powered sites in remote places.

<https://www.thedailystar.net/business/news/grameenphone-halve-carbon-emission-2030-3338606>

EXCHANGE | General investors allowed to buy Treasury bonds

- General investors of the capital market are getting the opportunity to buy Treasury bonds in the primary auction of the central bank through their beneficiary owner (BO) accounts. The Bangladesh Securities and Exchange Commission (BSEC) took the decision at a meeting on Sunday to increase the supply of Treasury bonds in the secondary market of the stock exchange. Commission sources said discussions have been held with the central bank regarding a quota in primary auction for general investors. Bangladesh Bank may soon issue a circular in this regard.

<https://www.tbsnews.net/economy/stocks/general-investors-allowed-buy-treasury-bonds-644038>

EXCHANGE | DSE seeks inclusion of four points to facilitate investors

- The Dhaka Stock Exchange (DSE), the country's main bourse, has reacted to the finance minister's proposed budget by placing four recommendations specific to the country's capital markets with a view to develop them further, reports UNB. The DSE placed its demands via a press release dated June 3 (Saturday). These are tax exemption on earned interest from bonds, treatment of tax at source on dividend income as full and final settlement, reducing the tax at source for stock exchange stakeholders, and concessional tax rate for listed SME companies.

<https://thefinancialexpress.com.bd/stock/bangladesh/dse-seeks-inclusion-of-four-points-to-facilitate-investors>

EMERALDOIL | Emerald Oil back to profits after five years

- Emerald Oil Industries Limited, which has been making losses for five straight years, has finally returned to profits in the fiscal 2021-22. Therefore, for FY22, the company's board of directors has recommended a 2% cash dividend to its shareholders in a meeting held last Thursday, where the company's audited annual report was also approved. According to the company's FY22 report, its after-tax net profit stood at BDT 12.1 Mn at the year end, which was a loss of BDT 36.2 Mn in FY21. Its earnings per share stood at BDT 0.17 and net asset value per share at a negative BDT 12.85 at the end of FY22.

<https://www.tbsnews.net/economy/stocks/emerald-oil-back-profits-after-five-years-643478>

EXCHANGE | FY23's bleak business climate has driven out IPOs too

- An electric equipment manufacturer backtracked on its plan to go public in FY23 months after making a deal with IDLC Investments as issue manager. The reason was a decline in its earnings, the most crucial factor to consider while fixing the offer price at which publicly-issued securities are made available for eligible investors under the book-building method. General investors can purchase shares at a discount to the offer price. The local currency devaluation squeezed many companies' income, which had been keen on getting listed in FY23 but then felt discouraged to do so.

<https://thefinancialexpress.com.bd/stock/bangladesh/fy23s-bleak-business-climate-has-driven-out-ipos-too>

BERGERPBL | Berger to keep Rupali Chowdhury as MD for three years more

- Berger Paints Bangladesh Limited has recently extended the contract of its managing director, Rupali Chowdhury, for another three-year term. The company has also appointed Md Mohsin Habib Chowdhury as its chief operating officer. Rupali joined Berger Paints in 1990 as a planning manager and worked in different capacities, including marketing, sales, supply chain and systems, Berger Paints Bangladesh said in a press release. She significantly contributed to the market leader and the entire industry with her illustrious accomplishments since 2008.

<https://www.thedailystar.net/business/news/berger-keep-rupali-chowdhury-md-three-years-more-3335996>

EXCHANGE | HC keeps BDT 3 Mn as minimum portfolio size for investing in SME stocks

- The High Court has kept BDT 3 Mn as the minimum investment limit for an investor to be qualified for trading in the SME platform stocks of the bourses. Now, an investor, who has been maintaining a portfolio of minimum BDT 3 Mn in listed securities on any platform, can trade in the SME board. Earlier, in September last year, the Bangladesh Securities and Exchange Commission (BSEC) increased the minimum investment limit from BDT 2 Mn to BDT 3 Mn for an investor to be qualified for trading shares of companies on the SME board of the exchanges.

<https://www.tbsnews.net/economy/stocks/hc-keeps-tk30-lakh-minimum-portfolio-size-investing-sme-stocks-643486>

EXCHANGE | Which listed firms to benefit or suffer from budget

- Although the new budget does not have anything directly for the capital market, the proposed tax measures – rebates for some certain sectors and increases for others – may have an impact on stocks. It will have a positive impact on the profitability of the companies listed on the stock market in the sectors that receive tax exemption. At the same time, the listed companies in the sectors experiencing increased levies may face a negative impact on their profits.
- According to a budget review by EBL Securities, the proposed tax exemption will have a positive impact on the profits of companies in the pharmaceutical, stainless steel, tobacco, optical fibre, electronics, ceramic, textile, agri machinery, and pesticides sectors. On the other hand, the increase in tax rate will have a negative impact on the listed companies in the IT, real estate, paper and tissue, cement, fuel, and power sectors, it added.

<https://www.tbsnews.net/economy/budget/which-listed-firms-benefit-or-suffer-budget-643490>

IMPORTANT DISCLOSURES

Analyst Certification: Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about all of the securities or issuers discussed therein that are within the coverage universe.

Disclaimer: Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above-mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

Compensation of Analysts: The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transactions.

General Risk Factors: BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published, or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment.

BRAC EPL Stock Brokerage Limited

Research

Salim Afzal Shawon, CFA	Head of Research	salim@bracepl.com	01708 805 221
Fahim Hassan	Research Analyst	fahim.hassan@bracepl.com	01709 636 546
Hossain Zaman Towhidi Khan	Senior Research Associate	hztowhidi.khan@bracepl.com	01708 805 224
Billal Hossain	Research Associate	billal.hossain@bracepl.com	01708 805 229
Md. Tanvir Ahmed	Research Associate	mtanvir.ahmed@bracepl.com	01708 805 201
Syed Tawsifuzzaman	Research Associate	s.tawsifuzzaman@bracepl.com	01708 805 202

International Trade and Sales

Ahsanur Rahman Bappi	CEO	bappi@bracepl.com	01730 357 991
----------------------	-----	--	---------------

FOR SERVICE-RELATED QUERIES, REACH OUT TO

 care@bracepl.com

 Call 16285



Website	Address	E-Mail	Contact
www.bracepl.com	Symphony, Plot No. S.E. (F) - 9, Road No. 142, Gulshan-1, Dhaka	Research: research@bracepl.com Sales: ftrader@bracepl.com	Phone: +880 2 985 2446-50 Fax: +880 2 985 2451